THE Freeman

IDEAS ON LIBERTY

APRIL 1964

Concerning War and Peace	Edmund A. Opitz	3
Laissez Faire	Garet Garrett	9
You Cannot Pick a Dandelion	Arthur P. Moor	17
Freedom of Choice: the Acid Test	William Henry Chamberlin	20
Employment at Its Best	Leonard E. Read	26
Certain Aspects of Profits	Willard M. Fox	34
The Uncommon Man	Enders M. Voorhees	39
This Is Communism	Progress	44
The American Tradition: 13. To Agree To Disagree	Clarence B. Carson	47
Books: The Tradition Re-examined	John Chamberlain	61

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.
Irvington-on-Hudson, New York 10533

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

OUTSTANDING ADVANTAGES FOR COAST FEDERAL SAVERS

FINANCIAL STRENGTH — Assets over half a billion dollars. Strong reserves and high ratio of cash and government bonds to assure withdrawal of savings immediately on request.

HIGHER EARNINGS — Earnings for 1963 paid at 4.9% per year.

MAIN OFFICE
9th & Hill, Los Angeles

SAVE-BY-MAIL — We pay postage.

MEMBER:
Federal Savings and Loan Insurance Corp.
Federal Home Loan Bank.

IF IT'S SAFETY YOU WANT MOST—
OPEN YOUR SAVINGS ACCOUNT AT COAST

"A Businessman Looks at Communism Vs. Capitalism"

For your courtesy copy of President Joe Crail's speech, write to:

Coast Federal Savings
Post Office Box 5150A
Los Angeles 55, California

COAST FEDERAL SAVINGS

AND LOAN ASSOCIATION

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

IN THIS ISSUE

The welfare state idea that everyone shall live at the expense of everyone, says the Reverend Mr. Opitz, is a domestic policy of war that inevitably leads to international warfare ..... p. 3

The late Garet Garrett's classic defense of the spirit and practice of laissez faire merits reconsideration at frequent intervals in our time ..... p. 9

The dandelion — indeed, every living thing — is a world performance, a miracle, that men may believe and be free ..... p. 17

William Henry Chamberlin outlines the acid test for any society: Are individuals possessed of the freedom to choose? ..... p. 20

Those who truly seek productive employment should do their best to encourage and promote the spirit of enterprise that creates job opportunities and finds the persons best able to fill them ..... p. 26

Willard Fox shows how and why it is that "he profits most who serves us best." ..... p. 34

And this, agrees Mr. Voorhees, is how King Customer finds the Uncommon Man — the elite under capitalism — and rewards him for his unusual ability ..... p. 39

For a prime example of the burden of government regulation and control, see the story on egg marketing in Australia ..... p. 44

One of the conditions of freedom, declares Professor Carson, is that men agree to disagree, so that individual differences may be utilized to full advantage ..... p. 47

John Chamberlain spells out why every student of liberty should want to own and study the Carson volume, **The American Tradition** ..... p. 61

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE Freeman

A MONTHLY JOURNAL OF IDEAS ON LIBERTY

APRIL 1964 Vol. 14, No. 4

LEONARD E. READ *President,* Foundation for Economic Education

PAUL L. POIROT *Managing Editor*

THE FREEMAN is published monthly by the Foundation for Economic Education, Inc., a nonpolitical, nonprofit educational champion of private property, the free market, the profit and loss system, and limited government, founded in 1946, with offices at Irvington-on-Hudson, New York. Any interested person may receive its publications for the asking. The costs of Foundation projects and services, including THE FREEMAN, are met through voluntary donations. Total expenses average $12.00 a year per person on the mailing list. Donations are invited in any amount – $5.00 to $10,000 – as the means of maintaining and extending the Foundation's work.

Copyright, 1964, The Foundation for Economic Education, Inc. Printed in U.S.A.

Additional copies, postpaid, to one address: Single copy, 50 cents; 3 for $1.00; 25 or more, 20 cents each.

Permission is hereby granted to anyone to reprint any article in whole or in part, providing customary credit is given, except "Laissez Faire," "The Uncommon Man," "This Is Communism," and "The American Tradition."

Any current article will be supplied in reprint form if there are enough inquiries to justify the cost of the printing.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

concerning WAR and PEACE

EDMUND A. OPITZ

"PEACE ON EARTH and good will to men" is one of humanity's older and more enduring aspirations. It accords with the sentiments of the great religious traditions, and it is in harmony with a substantial bundle of the drives which move the individual person. History, however, is not composed of aspirations alone, else it would be quite different from what it has, in fact, been. History, as it has actually been lived and recorded, provides ample justification for the pessimist who concludes that peace is only that short interval between battles when nations are recovering from the last war and preparing for the next. Things might not be this bad, in reality, but they are bad enough to draw forth our best and most earnest efforts to understand the causes of war, in the hope of finding, if not a cure, then at least an alleviation for militaristic ills.

Assigning causation in social matters is never easy; the variables are too numerous. And in the matter of war there is an additional difficulty; the disparity between mankind's aspiration for peace and its chronic involvement in war signifies that war's causation is indirect. War, in other words, may be the unexpected by-product of pursuing policies which appear to be anything but bellicose, which are believed to be humanitarian through and through. Perhaps it is more correct to say that a war happens, than to say that a war is caused. A war may happen because a nation wants something it cannot obtain without fighting a war to get it; or, a war may happen because a people who do want peace do not want — or do not know — the things that make for peace. A policy for the reorganization of society along

The Reverend Edmund A. Opitz is a member of the staff of the Foundation for Economic Education, Book Review Editor of THE FREEMAN, lecturer, and seminar discussion leader.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

some idealistic line may be adopted in ignorance of the fact that the policy actually contains the germs of war. Then, when the explosion occurs, there is only slight consolation in the words, "We did not know it was loaded."

The purpose of discussing and debating social philosophies, policies, and issues is to explore the "load," to determine the direction in which the muzzle points, and at whom. If a society will not tolerate such an exchange – and ours will hardly tolerate it, so strong is "liberal" conformism – then that society may back into an era of perpetual crisis, as ours is doing.

Any man who peddles a program guaranteeing perpetual peace is a charlatan. There are few guaranteed results in human affairs, and this is not one of them. Human beings are imperfect in understanding as well as in conduct, and a war may break out even under the best conceivable economic and political system. But if there is a social philosophy which, when put into practice, sets citizen against citizen, collects people into pressure groups and ranges these against each other, creates a ruling class and pits it against the nation, then this social philosophy has readied for desperate action the country which adopts it. And when domestic economic and political conditions are bent into such a posture, the friction between nations is aggravated and the occasions for such frictions multiplied. When peoples embark on a course of this sort, war is that much more likely, to the point of being inevitable.

Modern war, in other words, does not start with the act of declaring war, or at the time of marching off to war, or when the first shot is fired; it starts much further back in time. The fountainhead of war is deeply embedded in a certain variety of domestic peacetime policy where it is all but hidden from view under that policy's humanitarian guise.

Pacifism Re-examined

The analysis of war offered in this paper is at odds with the customary approach, which seeks to scare people into a peace-loving frame of mind. Antiwar organizations and individual pacifists recite the horrors of war, assuming that if we become sufficiently aware of what might happen to us in a hot war we will mend our ways and change course.

The typical antiwar case expounded by pacifist organizations and individuals is based on the wrong psychology. When the moralist tries to persuade us to cut down on wine, women, and song, he is seeking to turn us away

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

from pursuits most people find immensely attractive. The moralist who would argue the *un*attractiveness of these things would waste his breath, and he knows it; so he tries to point out the harm which might accrue, in the long run, to the acting person himself and to those his actions affect. In other words, we paint a vivid picture of the evil end results of yielding to present temptations. The appeal is to conscience to forego actions which sorely tempt. The expectation is that these temptations will, in consequence, lose horsepower and cease to exert their former power of attraction. But we have long known the awfulness of war, and wars have continued to recur.

They recur because war is a built-in feature of a philosophy of society which many people, most pacifists included, find attractive. Adopting the policy is something like stepping out of a tenth-story window; as soon as we make this choice, other forces take over and the final consequences are not within our volition to avoid.

Whose Will Is To Prevail?

The purpose of war, according to Clausewitz, is to impose your will on the enemy; or, at the very least, to prevent him from imposing his will on you. In a welfare state, or planned economy, the mass of men are to be guided, regulated, directed, and controlled by those wielding political power. On principle, the wills of a large segment of the nation are bent to conform to the master plan imposed on them by those in power who believe themselves competent to plan the lives of others. When this occurs in a society as a permanent peacetime policy, that society has taken the first steps of a course whose last step is war. The basic principles of the welfare state or socialism or the planned economy contain, inevitably, the germs of war.

Conscription for military service is but the more immediate application to military purposes of the control of individuals and property which is inherent in all collectivist economic planning. Some kindly collectivists do oppose conscription, but they endorse its logical counterparts; conscription, in other words, follows logically from the rest of their beliefs. These people profess aversion to the use of a lot of force on foreigners – which is war; but they advocate the use of a little force on domestics in order to secure general conformity to The Plan. The catch is, that once you start doing the latter, there is no logical stopping place short of the former.

The great social drift or trend

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

for the past hundred years or so has been in the direction of the centralized state. People in this country and elsewhere have thrust a more positive role upon government than was contemplated by the classical liberals of last century. Socialists have had a fully developed rationale for the politicalization of life ever since Marx, but as the drift gathered momentum, businessmen, teachers, preachers, writers, and people from all walks of life climbed aboard the band wagon. The upshot of this great trend has been a vast extension of the powers of government and a proliferation of government services. This costs money, so the trend has been accompanied by a skyrocketing growth in the budgets of all nations until, in our own country, the national budget alone is today in the neighborhood of 100 billion dollars annually, out of a net national income of roughly 425 billion. The latter figure represents the monetary equivalent of the goods produced annually by our labor force, which numbers about 69 million persons and has available to it the capital and the know-how resulting from the productive efforts of preceding generations.

The goods and services produced in a capitalist society are distributed in varying amounts, to each man who participates according to the value his fellows attach to his own contribution of goods and services – assuming a free market, willing exchange, and no political privileges. Government, society's police power, has all the while been exercising its constabulary function in order to protect citizens against invasions of their rights, that is to say, against such acts as assault, theft, fraud, slander, foreign attack, and the like. The cost of these policing functions is 3 to 5 per cent of the gross payroll. All of which corresponds roughly to the classical liberal image of society in its economic and political sectors.

The New "Liberal" Image

But now comes the new image. The police power, government, is no longer to play a modest policing role; it is to undertake vast national programs in response to the demands of this pressure group or that, and this requires money. The people who produce 425 billion dollars turn 100 billion of it over to the national government, and Washington acquires new powers commensurate with its increased wealth. A vast bureaucracy is assembled, and the intellectuals – who had been telling us that life has no purpose – now have grandiose national goals to propagandize for.

It is in the nature of a govern-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ment to create the means of its own support, and every dollar government spends generates a vested interest in a continuance of the spending. No government could spend a hundred billion dollars a year without benefiting certain industries, some of which would not otherwise be in business at all. Even so, it is not easy for those in power to devise spending programs which will get rid of a lot of money fast in ways which do not affront the mores and arouse popular resistance. Pyramid building takes a lot of money, but the darn things last so long! And so all governments who are trying to get rid of astronomical sums of money finally settle on "military spending." Military hardware is ideal for the purposes of the planners. It accords with the mores; it costs a lot of money and whatever is not conspicuously consumed in smoke obsolesces overnight – a bottomless drain for "surplus" government money. And tragically, the same forces which are at work in each nation to swell the military budget also operate in the relations between nations to provide occasions for using it.

The first step is to deprive the people who produce goods and services, and earn an income thereby, of the right to make private decisions as to how their own incomes shall be spent. Instead, we collectivize these millions of decisions and turn the bundle over to politicians with a virtual carte blanche: "You spend this the way *you* think best." Step two is the completely ineffectual one of telling the politicians to whom we have given control that we aren't very happy with the way they exercise it. The horse has already been stolen, and it's too late to lock the barn!

Government Wars on Citizens

To the extent that a society limits its government to policing functions which curb the individuals who engage in aggressive and criminal actions, and conducts its economic affairs on the basis of free and willing exchange, to that extent domestic peace prevails. When a society departs from this norm, its governing class begins, in effect, to make war upon the rest of the nation. A situation is created wherein everyone is victimized by everyone else under the fiction of each living at the expense of all. Power differentials in society are increased and aggravated, popular discontent mounts, and the ruling group seeks for a device to restore "unity." War is, of course, the time-honored national unifier. Similar forces are at work in all modern nations, posing similar problems for all.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Peaceful Competition and Trade

The classical liberal picture envisioned peaceful competition: the free market at home and free trade with foreign nations. Domestic tensions were thus well within the competence of the local constabulary to handle, and the nationals of foreign countries were potential buyers of our goods whose trade we solicited on the premise that the customer is always right. The ideal was prosperity at home and peace abroad. Human nature distorts the practice of every social ideal; but at least this dispensation was peaceful in theory. It has been replaced by one that is destructive even *in theory*, if not in intention, and in practice has been accompanied during this century by a steeply mounting curve of actual warfare. Pitrim Sorokin, the eminent sociologist, conducted a study of western civilization's involvement in war during the past 2,500 years and concluded that "we live in an age unique for the unrestrained use of brute force in international relations."

The welfare state or planned economy creates domestic tensions in every nation, and because The Plan won't operate at home unless foreign trade is controlled—which causes international tensions to mount—brinkmanship is the inevitable consequence. As far back as 1936, H. L. Mencken described the relationship between these several factors: "So long as a gang of unconscionable criminals, by inserting themselves into public office, can acquire eminent domain over the lives and property of all other citizens, we'll see exploitation and injustice at home, and homicidal adventures abroad."

Nobody, to repeat, wants the shooting war. But almost everyone, the neoliberal and pacifist most of all, wants the things which poise us perpetually, and as a matter of policy, on the brink of war.

The war-making potential of modern governments is due to the command they have assumed over the persons and resources of their respective nations. If a government did not control these vast resources, its power to make war would be reduced to manageable proportions. The first step toward war is the acceptance by almost all men everywhere, of the false assumption that political committees are competent to run people's lives. The first steps to peace are in the direction of a voluntary society in which each person is free to direct his own energy so long as he allows the same right to others. There is no utopia in this direction, but in striving for a voluntary society we may at least avoid such debacles as now plague our world. ◈

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

RELIGION
ECONOMICS
POLITICS

laissez faire

GARET GARRETT

THE SHIVERING GHOST that now inhabits the words *laissez faire* was once an unconquerable fighting spirit. It did not belong to capitalism. It belonged to liberty; and to this day its association with capitalism is valid only insofar as capitalism represents liberty.

When the great struggle for individual liberty began in Europe, the one interest that controlled the life of the mind was religion. What men wanted most of all was freedom to worship God in their own way, freedom to believe or disbelieve; and for that they went to death at the stake intoning their hymns of heresy. The religious wars were terrible. They lasted until the lust of fanaticism was sated. Then reason rebelled and there was peace, founded on the principle of *laissez faire* in religion. That is not what anyone called it at that time, because the words had not yet been invented; but that is what it was. Thereafter, so far as religion was concerned, the individual was to be let alone.

Great transactions of the human spirit have momentum, displacement, and direction, but no sharp edges; there is no sudden passage from one time to another. Long after the principle of *laissez faire* had been accepted in Europe, religious tyranny continued. Men

---

Mr. Garrett (1878-1954), author of *The Rise of Empire*, *The American Story*, and numerous other books, for many years edited *American Affairs* for the National Industrial Conference Board. This excerpt is reprinted by permission from the Winter 1949 number of *American Affairs*.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

were free to join any church they liked, but if they chose, for example, to be Calvinists, they found themselves enthralled again by a discipline that claimed jurisdiction not only over their souls but over their everyday life and all their economic behavior.

The next phase of the great European struggle for liberty, therefore, was aimed at freedom of enterprise. To say that religious radicalism was followed by economic radicalism is merely to make a statement of chronological fact. How were the two things related? Were they but two aspects of one thing? In the preface to *Religion and the Rise of Capitalism,* R. H. Tawney says:

> . . . . the existence of a connection between economic radicalism and religious radicalism was to those who saw both at first-hand something not far from a platitude. Until some reason is produced for rejecting their testimony, it had better be assumed that they knew what they were talking about. How precisely that connection should be conceived is, of course, a different question. It had, obviously, two sides. Religion influenced, to a degree which today is difficult to appreciate, men's outlook on society. Economic and social changes acted powerfully on religion.

The universal habit of mind was biblical. People whose fathers and grandfathers had been tortured, burned at the stake, and buried alive for the offense of reading Scripture for themselves might be expected, when they did read it, to construe it literally and in a grim manner. They did. Bunyan's *Pilgrim's Progress* was the authentic account of what happened to the righteous spirit in its passage through this world to the next. The poor were friends of God. They knew for sure they would not meet the rich man in the Kingdom of Heaven. Avarice was a deadly sin. Pursuit of gain was the way to damnation. Money changers, speculators, and traders had always about them that certain odor that came from supping with Satan. To buy cheap and sell dear was extortion. Land was the only honorable form of wealth. Business was the ignoble part of the social anatomy.

The Age of Discovery

But the world had something to say for itself, and the world, too, had something to believe. Somehow, for the first time in the history of human thought, the idea of progress had appeared. It was the Age of Discovery. Knowledge was increasing; and this was not revealed knowledge of things hereafter, but knowledge of things here and now. After all, since everybody had to pass through this world whether he liked it or

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

not, why shouldn't man improve his environment if he could by the practical application of knowledge? Although no one understood them clearly, although there was no such word as economics, great economic changes were taking place, and the realities were uncontrollable.

The religious mind stood in a bad dilemma. It could sense the oncoming world, almost as if it had a premonition of the modern era, and yet it had no way of meeting it and was in fact forbidden by the Bible to meet it at all. Thus it became involved in extreme contradictions. For example, to lend money at interest was unchristian. For money to earn money was usury, and usury was sin. Yet as the necessities of trade increased, the economic function of the moneylender was one that somehow had to be performed, with the result that the Jews were brought in to do for Christians what Christians were morally unable to do for themselves. That is one of the reasons why the Jews became the great moneylenders of Europe.

The question was: Could Bunyan's hero, Christian, become an economic man and at the same time save his soul? The Dutch were the first to say positively yes, and this was significant, because the Dutch had paid more for religious liberty than any other people. They had carried their struggle for it to a plane of appalling heroism. Sooner than yield, they were willing to accept total doom. Their resistance so infuriated the Holy Office of the Inquisition that on February 16, 1568, *all the inhabitants of the Netherlands* were sentenced to death as heretics and Bible readers, except only a few persons especially named in the edict. In Motley's classic, *The Rise of the Dutch Republic*, one may read that –

> Men in the highest positions were daily and hourly dragged to the stake. Alva, in a single line to Philip, coolly estimates the number of executions which were to take place immediately after the expiration of the Holy week at 800 heads.

Tolerance and Trade

If the spirit of *laissez faire* had been less than immortal, it could never have passed through that valley of death. What emerged was the Dutch Republic, founded on the ashes of its martyrs, dedicated to liberty of conscience, holding aloft a light for the world.

Then an amazing thing happened. The prosperity of Holland became the wonder and envy of Europe. In the trade of the world it advanced to first place, and took what Tawney calls the role of eco-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

nomic schoolmaster to seventeenth century Europe.

The power of individualism now for the first time was released to perform its examples. The result was that tolerance and trade flourished together.

The English came to it slowly and roundabout. Calvinism as they had got it from Geneva was a severe and rigid doctrine. It perceived very clearly that the three aspects of man were spiritual, political, and economic; but since in two of these aspects he was wicked, or much tempted to be, the church was obliged not only to mind his soul but to impose severe discipline upon his political and economic activities. Its regulation of business was medieval and precise; it made ethical and social laws to govern such matters as the use of capital, usury, the just price, profits, the profit motive itself, wages, labor relations, contracts, and trade agreements.

It remained for the Puritans of England to make the great rational construction of this doctrine. They could not understand why God should not admire success in work. Was not the universe his work? Why not suppose that the plan of its just order required his children to work and to succeed? If in money making there were spiritual hazards, then all the more reason for keeping it straight with God. The way to do that was to put God in the shop. Where else could one be so sure of his presence and blessing? In the Puritan doctrine the word "calling" was one of special meaning. "God doth call every man and woman to serve in some peculiar employment, both for their own and the common good." There was a spiritual calling and a temporal calling. The Christian's duty was to take part in the practical affairs of the world, and to succeed in the world could be only a sign that God witnessed his work and was pleased with it. If riches were added to him that, too, would be to the glory of God. In any case, he would never be idle rich, like Dives. Whether riches were good or bad was a question to be settled between the rich man and God; but idleness, thriftlessness, and profligacy were positive evils.

So it was that in the Puritan creed religious liberty and economic freedom were reconciled. The church would let business alone and trust God in the shop to keep it from evil.

Political Freedom and the Industrial Revolution

The next struggle was to get business free from the restrictions imposed upon it by government, not in the name of morals, but in the name of policy.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

When that stormy cape had been rounded, the victory of *laissez faire* was complete, and the way was open for that great outburst of European energy which brought on the Industrial Revolution, led by England.

The medieval epoch was finished. Individualism was exalted to a way of life. The foundations of modern capitalism were laid. The powers of government were limited. Free enterprise began. In pursuit of his economic ends, on his way to transform the world, European man was released from the restraints and sanctions imposed upon him both by the ecclesiastical tyranny and a vast bureaucratic system of administrative law. Looking at it later when most of the consequences were already clear, Montesquieu, the French philosophical historian, said "the English had progressed furthest of all people in three important things – piety, commerce, and freedom."

That would have been about 1750. For more than 200 years the spirit of *laissez faire* had been acting irresistibly, and yet that name for it was not known. The words had been used by the Physiocrats in 1736 in France, but hardly anywhere else; nor were they familiar to anybody in England when sixty years later, in 1810, a Commission in the House of Commons said:

> No interference of the legislature with the freedom of trade and with the perfect liberty of each individual to dispose of his time or of his labor in the way or on the terms which he may judge most conducive to his own interest, can take place without violating general principles of the first importance to the prosperity and happiness of the community.

Practice Precedes Principle

In those words government, the British government at least, renounced the right to touch business at all. No more forthright statement of the doctrine of *laissez faire* has perhaps ever been written. Mark, however, that the words do not appear in that statement. They were of French origin, written at first *laissez nous faire*, meaning, "let us alone," and then *laissez faire*, meaning, "let it be." They expressed a philosophic idea. The idea was that the movements of society were spontaneous, not artificial, and that if you let them alone the results in the end, or, as the economist now says, in the long run, would be better for society as a whole – the idea, that is, of a natural order in which there is implicit harmony between public and private interest.

The point is that the spirit of *laissez faire* had already brought into the world religious liberty and freedom of enterprise, and that the foundations of what now

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

may be called *laissez faire* capitalism had already been laid before the words were familiar or had any epithetical meaning.

"Wealth of Nations"

Most people would probably say that the bible of *laissez faire* capitalism was written by Adam Smith. His *Wealth of Nations* appeared in 1776. Since some French economists had been using the term for forty years, Adam Smith must have heard it, and yet in the index to *Wealth of Nations* (Cannan Edition) you will find no reference to it. Then people say, "Yes, but it is implicit," and ask you to remember the famous passage about the invisible hand. In the index to the *Wealth of Nations* there is a reference to that passage and it reads as follows:

> If each individual, therefore, endeavors as much as he can both to employ his capital in the support of domestic industry and so to direct that industry that its products may be of the greatest of value; each individual necessarily labors to render the annual revenue of society as great as he can. He generally, indeed, neither intends to promote the public interest or knows how much he is promoting it . . . he intends only his own gain, and he is in this, as in many other cases, led by an invisible hand to promote an end which was not part of his intention. Nor is it always the worse for society that it was not part of it. By pursuing his own interest he frequently promotes that of society more effectually than when he really intends to promote it. I have never known much good was done by those who affected to trade for the public good.

You may take that to express the doctrine of economic *laissez faire*, but the true meaning goes far beyond economics and belongs to the philosophy of individualism, founded upon the faith that man's spontaneous works will be more than his reason can explain. Adam Smith did not invent that philosophy, nor in his exposition of it did he surpass others who wrote before him, notably Adam Ferguson, who said:

> Nations stumble upon establishments which are indeed the results of human action but not the result of human design.

Poetically, the same thought was expressed in Mandeville's *Fable of the Bees*. More than a century before Adam Smith's time, John Moore was saying in England:

> It is an undeniable maxim that everyone by the light of nature and reason will do that which makes for his greatest advantage. . . . The advancement of private persons will be the advantage of the public.

Twenty years after the *Wealth*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

of Nations appeared, Edmund Burke, another great exponent of individualism, was referring to:

> . . . the benign and wise disposer of all things who obliges men, whether they will or not, in pursuing their own selfish interests, to connect the general good with their own individual success.

He need not have got that from Adam Smith, for *laissez faire* by that time was already ascendant in the economic world, its principles were known and its works were observable.

Objections to Laissez Faire

Nearly 150 years ago Sismondi and his friends, evolving the theory of state socialism, were attacking *laissez faire* on four points, namely:

(1) That the fancied harmony between private and public interest did not in fact exist, wherefore liberty of the individual to pursue his own economic advantage would leave *human needs* in the lurch;
(2) That it would lead to *serious inequalities* in the distribution of wealth.
(3) That it elevated *materialism* and *success*, and,
(4) That it involved society in such *social catastrophes* as *mass unemployment.*

And all of this was before steamships, railroads, electricity, gasoline, motor cars, automatic machines, or mass production — even before there was such a thing in the world as a piece of farm machinery.

At that time all economic and political thought in Europe was basically pessimistic. Nobody could imagine that in the next few generations, under *laissez faire* capitalism, consumable wealth would be so prodigiously multiplied that the luxuries of the rich in one generation would become the necessary satisfactions of the poor in the next, and that from time to time surplus — a strange word for an incredible thing — would be the superficial cause of economic depression and unemployment. There had never been surplus before. There had never been too much of anything. Poverty was thought to be permanent and irreducible.

Inroads Against Poverty

The idea that poverty could be abolished did not arise in Europe. That was an American idea. And it could arise here, not because this country was rich in natural resources, but because here the conditions of *laissez faire* capitalism were more nearly realized than anywhere else in the world. Under stress of unlimited and uncontrolled competition we made the discovery that broke Europe's

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"iron law of wages" – the law, namely, that since wages were paid out of the profits of capital, the wage fund was limited by the capital fund, and the capital fund was something that could be increased only in a slow and painful manner by limiting consumption.

We discovered that wages were not paid out of profits. They were paid out of production. Therefore, wages and profits could rise together, if only you increased production. Moreover, production itself created capital, as in the Ford example – the example of a company that began with $28,000 in cash and at the end of forty-five years employed in its work $1 billion of capital, all its own and all created out of production. And this was done by making the motor car so cheap that almost nobody was too poor to be able to possess and enjoy it.

American Capitalism

Those who speak of capitalism as if it were in itself a kind of universal order, with hierarchy, creed, and orthodoxy, are either unable to make distinctions or find that distinctions inconvenience their argument. Capitalism takes its character from the soil and climate in which it grows. American capitalism is so unlike European capitalism that the two could hardly be transplanted. Why has American capitalism been so much more productive than capitalism anywhere else? The seed was European. The sapling was not. Why did this one tree grow to a size and a fruitfulness so prodigious that all the people of the world come begging for its windfall?

There was here neither skill nor knowledge not possessed also by the people in Europe. Yet after five generations, with less than one-tenth of the earth's land area and less than one-fifteenth of its total population, we have now in our hands one-half of the industrial power of the whole world. Europe's star did not fall. That is not what happened. The American star dimmed it out. What made that difference between our creative power and that of Europe?

The difference was that here the magic of liberty was acting as it never had acted anywhere before.

Until the American Declaration of Independence, said Lord Acton, the history of freedom would have been " a history of the thing that was not."

American capitalism not only has been the most successful in the world; it is the one great citadel of economic freedom surviving and now carries the burden of de-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

fending Christian civilization against its Eastern enemy. From this it follows that when you compare capitalism with communism, the comparison is in fact between American capitalism, with its Puritan tradition, and Russian communism, which is uncompromisingly materialistic and atheistic.

The two ancient enemies of *laissez faire* were the state and the church. *Laissez faire* represented the principle of radicalism in both religion and economics. Radicalism was the sword of liberty. Neither the state nor the church has ever loved liberty. Now, what was conservative is radical, and *laissez faire,* which was radical, is reactionary. The wheel has gone all the way around. ◈

You Cannot Pick a Dandelion

ARTHUR P. MOOR

"ISN'T IT WONDERFUL," said the teacher, "when you go out into the woods and fields, to see what strange and beautiful things are coming up out of the ground! Trees and flowers, grass and bushes, and all kinds of plants, no two alike, with all sorts of different shapes and colors—have you looked closely at some of these?"

Certainly they had. They were normal youngsters, nine-, ten-, and eleven-year olds, naturally interested in anything they could push, pull, touch, lift, examine, taste, hear, or smell.

"Tell me what you have seen," said the teacher. In no time they had recalled berry-bushes, Indian pipes, Jack-in-the-pulpits, many

Dr. Moor is an editorial consultant for *The World Book Encyclopedia.*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

kinds of trees – with commentary on which were best for climbing – and a variety of field flowers and stinging nettles.

"Well," said the teacher, "I wonder if any of you know about something I saw the other day. If you know the name of it, don't say it, but raise your hand if you think you know. Walking across a field I saw a slender stem coming up about nine or ten inches from a small plant, and on top of the stem a little ball of white, fluffy stars. If you pick the stem and blow, *whoof*, they scatter into a whole galaxy of stars." There were shining eyes and eager hands raised –

"DON'T SAY IT!" said the teacher. "But I wonder if any of you know what was there before the ball of stars appeared? If so, what did it look like?"

"There was a little yellow flower, with lots of tiny petals all crowded together," said one.

"It looked something like a little sunflower, only there was no brown center," said another. "It was all full of the little petals, like an aster or a chrysanthemum."

"Right!" said the teacher. "And what was it like before that yellow flower opened?"

"It looked like a little umbrella, upside down and almost closed, with a yellow lining showing," said a girl, holding out one hand, palm up, thumb and finger tips together making a bud-like form.

"Right!" said the teacher. "And what was it like before that? Somebody else."

"A tight little cone-shaped green bud," said a boy, making a tighter bud with his fingers, lower down, remembering the stem was then not so high.

By this time some were fairly bursting to name it. "No," said the teacher. "Don't name it yet. But what was it like before that?"

"Just a little bunch of leaves coming out from the center, a sort of green rosette," said a girl.

"And before that?"

"Just a tiny little bit of green coming up out of the dirt!"

"Right!" said the teacher. "Now what do you call all of this?"

"DANDELION!" they exploded in chorus.

"YES!" said the teacher. "Do you like dandelions?" he continued. Of course, they liked dandelions. Who doesn't enjoy the green buds with yellow linings, the cheery gold blossoms scattered among the grass, and the marvelous airy globes of elfin stars – until he has acquired a prejudice, and learned to resent them as an intruder in lawns?

"Did you ever pick dandelions?" Yes, they had all picked dandelions.

"No you haven't!" said the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

teacher. *You cannot pick a dandelion! It is impossible to pick a dandelion!* What was it you picked, Bill?"

"It was like what you said at first," said Bill. "The whole ball of fluff that you can blow."

"What! No yellow flower? No little bud, like the upside-down umbrella, nearly closed, with the yellow lining showing? No tight green cone? No cluster of green leaves all coming out from the center? – What was yours like, Anne?"

"I've picked whole bunches of dandelions as yellow flowers," said Anne. You know, we used to take one and hold it under somebody's chin and say, 'Do you love butter?' Then we'd look to see if the yellow color was reflected from under their chin."

"But when you got a yellow flower, you couldn't blow any white stars from it, could you? And did any of you bother to pick dandelions when you only saw tight green buds, or the plant leaves? But you all said that a dandelion is really *all* of this. Whatever you picked, you only got a fragment of something.

"You cannot really pick a dandelion – for a dandelion is not a thing that exists all at once. It is *a performance.* And it only happens when the sun and earth, the sky and water are all working together. The pattern may be in the seed, as the pattern of music is in the score, but it doesn't come to life till the players *play* it, or the singers *sing* it. The score becomes music only as the players and singers pour themselves into the performance, just as the sun and earth and air and water pour themselves into a dandelion. And every plant, and every living thing is really a world performance – even you."

They were suddenly quiet for a moment.

This was the first lesson in botany.

"Every living thing is a world performance." This is the heart of it – a realization that illuminates not only botany but every human life and action. All the markets of the world are flowing with goods and services miraculously produced by the continuous interplay of sun and earth, air and water, and the inexhaustible imagination and energy of man. Wherever you touch an object made or conveyed by man, you are touched by all the men and women and children in the world who have reached their hands to make this possible for you. For one who is conscious, daily use is daily communion. ◈

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Freedom of Choice:
THE ACID TEST

WILLIAM HENRY CHAMBERLIN

WHAT IS the acid test of the validity of the pretension of a society to be free? Is it not to assure to its members the maximum degree of freedom of choice in spiritual and intellectual development, in work and recreation? In an age when the most complete forms of tyranny like to masquerade as freedom, when George Orwell's grim vision of 1984 as a year when a dictatorial party would post up as its slogans, "War is Peace . . . Freedom is Slavery . . . Ignorance is Strength," is only too accurate a picture of conditions in large areas of the world, this test may at least be reasonably applied to the competing claims of political and economic systems.

It has become fashionable, especially among some West European intellectuals, to take the somewhat condescending position that the United States and the Soviet Union are really very much alike. Both countries, so the argument runs, are industrial leviathans, run by a managerial elite. The Soviet Union has long forgotten the original communist demand for material equality and pays its political, military, and industrial ruling class out of all proportion to the earnings of the rank-and-file workers, employees, and peasants. In the United States the old-fashioned single owner of a business is giving way to the impersonal group management of the corporation board. Both in Russia and America the compulsions of modern technology make for somewhat similar ways of life.

Moreover, both the United States and the Soviet Union occupy continental dimensions and

---

Mr. Chamberlin is a skilled observer and reporter of economic and political conditions at home and abroad. In addition to writing a number of books (his latest, *The German Phoenix:* Duell, Sloan & Pearce), he has lectured widely and is a contributor to the *Wall Street Journal* and numerous magazines.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

possess within their frontiers vast mineral and agricultural resources. Both advanced to the Pacific, the United States from the East, Russia from the West, by a process of combined conquest, settlement, and colonization. Both are relatively young countries; Europe was already a center of philosophic thought and literary creation, of political theory and mighty achievements in art and architecture when America was first discovered; and Russia, crushed and shut off from Europe by the Tatar conquest, was a landlocked, semi-Asiatic state with little to offer in the world of the mind and the spirit.

Americans and Russians, when the latter are not too much under state observation, are apt to be simple and direct in manner. And both countries have been caught up in the modern industrial system which imposes some similarities in the running of an industrial plant, whether it is managed by the representative of an industrial company or of a state trust, whether the factory may be located in Pittsburgh or in Perm.

There is some truth in these considerations. One hundred and thirty years ago the incomparably brilliant French observer of human affairs and institutions, Alexis de Tocqueville, foresaw the day when the United States and Russia would be two mighty world powers, each determining the destiny of half the world. But, if Tocqueville could return to earth today to find this part of his prophecy realized, he would also find no reason to change the observation which accompanied this prophecy: that the method of the Russian is servitude, of the Anglo-American, freedom.

The Greatest Crime

The similarities between America and Russia seem less significant, the differences loom larger, if one uses the litmus paper comparison summed up in three words: *Freedom of Choice.* It is denial of this principle that, in the last analysis, represents the greatest crime of communism – Soviet, Chinese, or any other brand – against the human spirit. It is the maintenance of this principle that gives the noncommunist societies their principal moral justification.

To be sure, no one under any regime enjoys absolute freedom of choice in determining his actions and shaping the course of his life. Everyone is influenced to some extent by such factors as home and school environment, heredity, human contacts, tastes, and abilities. And, if freedom of choice is not absolute under free

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

political and economic institutions, it is not completely denied under communism. There, also, success or failure depend on capacity, on adaptability to the special conditions created by a communist environment.

The issue is not between absolute freedom of choice for the individual and an absolute denial of this privilege. It has rather to be stated, like most issues, in relative terms. Under which system does the individual citizen enjoy more opportunity to make his own decisions, in big matters and small matters, in libertarian causes for which men have died, like political and religious freedom, in lesser points, such as freedom to travel abroad or to make a choice of a place to live or of house furnishings? Here the evidence is clear and overwhelming, as may be demonstrated from a number of concrete examples.

Ballot, Press, Religion

Consider the day of voting, for instance. The American goes into a closed booth, makes his choice between the candidates of two large parties and several smaller ones. On the surface the method of voting is the same in the Soviet Union. The voter also goes into a closed booth. But there he is given a single prepared list of candidates with a strict injunction not to write in any unauthorized name. No wonder no one stays up at night for the returns of an election in a communist-ruled country; the only question is whether the official list will get 99.6 per cent or 99.8 per cent of the votes cast.

Or take the choice of reading material. The American, or the citizen of any free country in Europe or other parts of the world, can go up to a newsstand or walk into a store and order any newspaper, any magazine or book that appeals to his taste or fancy. If he can read Russian, he can buy all the Soviet propaganda literature he wants, without let or hindrance. If he wants to listen to transmissions from Moscow or Peiping on his radio, there will be none of the hindrance or hideous jamming which is the Soviet reaction to radio broadcasts from abroad.

The American or West European may go to any church, synagogue, or other place of worship of his choice without fearing any consequences, and this is also true if he prefers not to attend any religious service. There are churches and synagogues in the Soviet Union; but there are pressures of varying degrees of strength against attending them. Many forms of social and edu-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

cational activity which are part of the normal church program in free countries are forbidden under Soviet law. Young people know that their chances of getting into a desired higher school and of finding satisfactory employment are not helped if they are known as religious believers. The state authorities go out of their way to hamper Jews from obtaining the special ritual foods which accompany certain holy days in Jewish religious observance.

Specific religious observances are forbidden in American schools; but there is no advocacy of unbelief. Nor are there any obstacles if groups of citizens wish to set up schools and colleges dedicated to their form of religious faith. In the Soviet Union, teaching in the schools is aggressively atheistic and there is no toleration for religious schools. The freedom of the individual to decide, as he matures, on his own religious faith or lack of faith, is very sharply limited under communism; the cards are heavily stacked in favor of dogmatic, officially propagated atheism.

Education, Travel

What is true of freedom of choice in religion is equally true in education. If American parents are not satisfied with the type of school to which their children are assigned, they have alternatives in a wide variety of other schools, state and private, religious and secular. Nowhere is the denial of freedom of choice under communist systems more rigorously enforced than in the organization of education. No private schools of any kind are tolerated; all students must pass through the indoctrination of the uniform state educational system.

If the American or West European wishes to travel abroad, he faces no obstacles in realizing his desire. He applies for a passport, buys his ticket, and goes. It is very different in communist-ruled countries where travel outside the frontier is a rare privilege, not an elementary right. The most drastic curtailment of freedom of choice in travel is symbolized by the hideous wall that separates one part of Berlin from the other and makes the whole of the Soviet Zone of Germany one big penitentiary. Many Germans have been shot down trying to escape from this penitentiary, either at the wall or at other points along a border guarded, on the communist side, by barbed wire, mine fields, police dogs, and armed guards. The same conditions prevail along the borders of other Iron Curtain countries, such as Hungary and Czechoslovakia.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

A humorous story that has leaked out of Russia shows that the Soviet younger generation, stirring uneasily after the long torpor induced by Stalin's terrorism, is conscious of the limitations on its desire to see foreign countries. According to the story, a Soviet professor, speaking enthusiastically about Soviet achievements in space travel, tells his students that they will soon be able to take trips to Mars, to Venus, to the Moon. "Yes, Professor," says a timid voice, "but when can we go to Vienna?"

It is true that the United States imposes restrictions on travel to Cuba and to Communist China. Whether these restrictions are wise or necessary is a matter of opinion. But there can be no reasonable comparison between the blanket denial of the right of foreign travel, relaxed only for a few favored individuals in communist-ruled countries, and the American prohibition of unauthorized travel in hostile lands where it is obviously impossible to give any diplomatic protection.

The Blight Is Total

Freedom is integral; if it prevails in one field, it usually prevails in others; if it is denied in politics, it is almost invariably denied in economics. One of the biggest contrasts that strikes the least observant traveler in making the transition from the noncommunist to the communist world — from West Berlin to East Berlin, for instance, or from the Zürich airport to the Prague or Warsaw airport — is the absence on the communist side of a thousand and one little conveniences that are taken for granted on the free enterprise side of the Iron Curtain.

In the West, factories and stores set as their first goal the satisfaction of the needs of the consumer. This not out of altruism, but because failure is the penalty for not measuring up to this standard in a competitive world. Consequently, in America — and Europe in this respect is developing more and more along American lines — there is constant experimentation in devising more efficient forms of production and service.

But in the communist economy the satisfaction of the needs of the consumer receives a very low priority, far behind the needs of a huge military establishment and the requirements of a planned industrialization that constantly sacrifices the needs of the present to the hopes of the future. The people have long been accustomed to receive not what they want but what far-removed state planning bodies think they ought

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to have. So, while industry and trade in the West exist to attract and satisfy customers, the situation in communist-dominated lands is almost the reverse. Here is the basic explanation of that bare, bleak impression which most foreign travelers bring back from a tour in the Soviet Union, even though they have been given the best the country can offer.

Domestic Problems as Well

This question of freedom of choice should not be considered merely an issue in the East-West struggle, although it is on this plane that the strongest contrasts may be observed. It is also an internal issue in the United States and in other Western countries. Advocates of state economic planning of individual life, who usually call themselves socialists in Europe and try to masquerade as advanced liberals or progressives in the United States, try to substitute the judgment of faceless bureaucrats for the individual's own personal tastes and desires. Their weapons are deprivation of the individual of more and more of the fruits of his labor through ever-higher spending for welfare state purposes, paid for by more and more ruthless state expropriation of the fruits of individual labor.

We can see from the example of the final stage of statism – communism, where the individual has no rights whatever that the state is bound to respect – how important it is to subject existing systems of government to the test of the "freedom of choice" yardstick. Even a socialist government, such as England experienced during the first six years after the end of World War II, although it did not employ the terrorist methods of communism, bit deeply into vital areas of individual freedom. By rationing, maintained long after it was abolished on the continent, by an unprecedented multitude of prohibitions and restrictions, it prevented the individual from eating what he wanted or building where and what he wanted. His freedom to travel abroad was severely curtailed by the practice of exchange control, which very much diminished the real convertibility of the pound.

Similar danger signals have been flying in the United States, in the form of coercive state measures against farmers who do not go along with regulation and innumerable trade-union restrictions on freedom of labor and enterprise. "Freedom of Choice" is a good standard to apply to any society, and to every piece of proposed legislation. ◈

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Employment at Its Best

LEONARD E. READ

ECONOMICS is concerned with the means by which scarce resources are allocated most efficiently to satisfy wants. Instead of being a "dismal science," economics is still in its growing-up stage and is, for this reason, fraught with all sorts of exciting controversy, most of it reflecting honest differences of opinion. For instance, no phase of the discipline is attended with less understanding and, thus, with more contention than the employment of that resource which is the key to all others: man and his energy. This paper concerns itself with that problem: the best possible employment of human energy.

Were there no employment of man and his energy, the human species would not survive; and were there full employment at valueless undertakings, the result would be equally disastrous. Survival and the betterment of our human lot is geared to how nearly we can approach full employment at useful, productive, creative activities. Our level of living, in other words, depends upon how creatively we are employed.

The ardent advocates of state planning and the enthusiastic proponents of competitive enterprise do not disagree on whether specialization and exchange are more productive than self-subsistence. Specialization and exchange are assumed by all hands. The great debate now going on rages around the question as to how human beings are to find the fullest possible employment in the specialization and exchange complex. It boils down to this question: How does one find employment?

Two opposed ways are up for choice: Let the state planners find the jobs or let the jobs be found by a little-recognized Genius which it is our purpose here to examine.

But, first, a few words about

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the state-planning method. It is very simple; it has to be. People are priced out of the market in countless ways by the mistakes of state planners. Merely to illustrate: A minimum wage of $1.25 sets a salary floor for everybody which is higher than people will pay certain persons. Those whose services could command only 75 cents per hour are disemployed by statute. Labor unions, having dispensations of power contrived by the planners, wreak precisely the same havoc when they succeed in raising wage rates above the level the market will pay. Result: Unemployment.

But not unemployment for long. The planners re-employ these people on government make-work projects: moon machinery, urban renewal, and so on. The state offers jobs doing valueless work and unemployed workers naturally accept. In the initial stages of this process, there is no compulsion or unwilling exchange at the visible level. But compulsion and unwilling exchange enter the scheme, nonetheless: the funds to pay for these make-work affairs are compulsorily taken from those who are productively employed. Thus, the state planners' kind of full employment rests on coercion, not on willing exchange.

As time goes on, more and more persons are priced out of the market and fewer and fewer productive resources remain. Eventually, under this method, most employment is under the state; private enterprise employment vanishes. At this point, there will be full employment all right, but each employee will be forcibly directed where to work; willing exchange will be at an end; compulsion will be at the visible level, and all-inclusive.

That state planners are incapable of finding productive employment for people they do not know ought to be obvious. Just try finding it for someone you do know!

The Slave Economy

True, full employment, in the sense of everyone's being coercively assigned to a task, is not only possible but actually is practiced in some countries. However, is this not an empty achievement? When a man is compelled to do another's bidding, he is enslaved. But prior to everyone's being coercively assigned to a task – before ultimate, all-out statism is reached – the planners' scheme, to the extent it is practiced, invokes slavery; that is, it does so to the extent that earned incomes are forcibly taken to finance the planners' type of full employment. We must bear in mind that no one is ever wholly free or completely subject. Slavery is on a more-or-less scale:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

That which fundamentally distinguishes the slave is that he labours under coercion to satisfy another's desires . . . What leads us to qualify our conception of the slavery as more or less severe? Evidently, the greater or smaller extent to which effort [employment] is compulsorily expended for the benefit of another instead of for self-benefit.[1]

Only those who have hopes of employment as an authoritarian or those who like the idea of dictated employment in exchange for "bread and circuses" or those who cannot tell the difference between willing and unwilling exchange arrangements can possibly look with favor on unwilling exchange employment. For those of us with neither the slave-owner nor slave mentalities, it is pointless and futile to pursue unwilling exchange employment. Our quest, on the other hand, must be for ways and means to achieve willing exchange employment. First, what is it? Second, how do we find it? Third, what really is its source? Short of knowing the answers to these questions, unwilling exchange employment will take over – with us included!

Employment at its best – the type consistent with the aims of free men – is brought about by the rendering of value, bearing in mind that the value of one's goods or services, in the free market context, *is whatever others will offer in willing exchange.* It has this meaning and this alone.[2] Thus, the type of employment which the devotee of freedom should have as a goal reduces itself to performing whatever service of value one can render others or, in other words, to doing what one can that others want done and for which they will voluntarily pay or exchange.

The Job Finds the Man

So we come to the nub of the problem. How does a man find what others want done that he is capable of accomplishing?

[1] Extracted from the chapter, "The Coming Slavery," in Herbert Spencer's *The Man Versus The State* (Caldwell, Idaho: The Caxton Printers, Inc., 1946).

[2] In technical economic terms this is the marginal utility theory of value. It is to be contrasted with the intellectually demolished, but still popular, labor theory of value which maintains that value is determined not by what others will give in willing exchange but by the effort exerted. Perhaps the best study reference is Böhm-Bawerk's *Value and Price*, $2.00 in paperback, obtainable from FEE. Excerpted from his major work, *Capital and Interest.*

It should be further understood that *willing exchange* includes gifts, charitable contributions, and all voluntary transactions, some of which lack the obvious *quid pro quo* of the market place. For example, the minister or teacher who relies largely upon the voluntary donations of others may represent the highest type of gainful employment and service rendered. Such service and employment opportunities, however, are among the first to go, or to be abolished, under the compulsory collectivism of state planning.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The fact is that most of us so-called job seekers do not ourselves find what we can do that others want done. *We are found!* The "wanters" do more of the finding than we doers.

To illustrate: A family wanting a cleaning woman finally *found* one. The woman had no part in the search; she had never heard of the family. Only this much could be said for the woman: what the family wanted done was the highest value she had the ability to render among the offers about which she was aware. The woman was employed at $1.00 per hour.

At about this time the television industry began to boom. The industry *found* the cleaning woman and paid her $2.00 per hour for assembling two gadgets. The value she rendered in her new employment was doubled, although her task required less skill than cleaning. Viewed from the standpoint of value rendered, she was employed twice as effectively as before.

One's Own Work Depends Largely on Factors Beyond His Control

Let any one of us examine the genesis of our own employment and the circumstances which enhance the value of our services. We will discover how strikingly our situation resembles that of the cleaning woman. We, also, have been *found*.[3] True, expanding capabilities on our part make it possible for us to render values which others increasingly desire but our opportunities to do so arise more from factors or forces beyond than within our control.

To check the validity of this observation, merely imagine, for example, that excessive governmental expenditures and the consequent inflation cause all private industry to wither away. What would happen to your own employment situation by reason of these forces you do not control? And to the value of the services you presently render? For answers, merely observe the type of employment that exists where there is no private industry.

Or, imagine that you live in an economy like that of India. Your employment status and the market value you could render – even with your present capabilities unimpaired – would assuredly be different, and the difference would not be to the good! The controlling factors would be exterior to yourself, that is, job-seeking on

[3] When we go job-seeking and succeed, we credit ourselves with having found a job. But such success presupposes an antecedent situation: the existence of those who are trying to find employees. Most of us find employment opportunities in about the same way that an underground pool of oil finds an oil well and refinery and gasoline-powered engines.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

your part would be no more remedial than were all the people in India to go job-seeking. They could seek, but to what avail?

Then, what is this Genius that finds and gainfully employs our talents and increases the value of the services we render, even without any increase in our capabilities? Is precise identification possible? I believe it is; certainly, it is worth probing.

The Entrepreneurial Spirit

Frederic Bastiat affirmed that *freedom in transactions* was the secret – the cause – which explained the mysterious, miraculous, automatic, provisioning of Paris.[4] No economists of the free market persuasion will deny this affirmation; yet secrets, like causes, underlie each other. Freedom in transactions is part of the secret which explains, significantly, the provisioning of cities, the making of the things by which we live, even our gainful employment and the increases in the values we render. But freedom in transactions is not the whole secret; for is it not self-evident that freedom in transactions among an utterly listless, selfless, indolent, lazy, incentiveless, nonperceptive people would, by itself, accomplish nothing? As futile as allowing freedom to a rock quarry!

The best term to describe this Genius which lies back of freedom in transactions is *the entrepreneurial spirit* or, perhaps, the spirit of enterprise.[5]

The entrepreneurial spirit is, indeed, a spiritual phenomenon, which is to say, it is not a thing or person; it is spiritual in the same way a thought or quality or incentive or insight or ambition is spiritual. This spirit enters into all individuals to some extent; there are none of us who are not enterprising on occasion. Coming and going, ebbing and flowing, this spirit, now and then, concentrates its force mightily in certain individuals.[6] These few persons are highly charged with the entrepreneurial spirit and are endowed with a magnetic, in-gathering quality; they creatively organize, transform, synthesize.[7]

[4] For the full quotation, see "The Market Is a Computer," *The Freeman*, March, 1964.

[5] "We have . . . been obliged to resort to the French language for a word to designate the person who organizes and directs the productive factors, and we call such a one an entrepreneur." (R. T. Ely, *Introduction to Economics*, p. 170.)

[6] In the U.S.A. the number in whom the entrepreneurial spirit runs high must be in the hundreds of thousands but, even so, this is only a small fraction of the population.

[7] An individual highly endowed with the entrepreneurial spirit is not, by reason of this virtue, necessarily graced with other virtues. Thus, on occasion, an outstanding enterpriser is a shyster, as we say. But, instead of restraining the

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Indeed, those possessed of the entrepreneurial spirit perform in such varied ways – across the whole spectrum of human endeavor – that one can only hint at the scope of their actions. Begin by picturing people's limitless unsatisfied wants. These have existed throughout human history. Nonetheless, in the absence of the entrepreneurial spirit, they are void and without meaning. But men who are highly endowed with this spirit become cognizant of these wants. Then they take dormant elements which are void and valueless in their existing state – untapped resources of the good earth, uncultivated land, inventions, and discoveries with no place to go, latent human energy, on and on even to snow-capped mountains and the energy of the atom – and they organize, transform, synthesize these economic nothings into life-giving, valuable substances which gratify unsatisfied wants.

Lacking in Primitive Societies

To grasp this spirit and its creativity, we need but reflect on the condition of many primitive peoples who have lived among the very resources and soils and climates which later witnessed productive miracles. History, from the time of the Sumerians of six or seven thousand years ago to the present day, is replete with primitive situations, with here and there, now and then, a breakthrough – a synthesis, transformation, coalescence of natural and human energies.[8] Consider a single example, the American Indians before the present era. To them air was only breezy or calm or warm or cold; voices and the sound of tom-toms passed through it but air was nothing for man to fly in or something through which voices and sounds could pass at the speed of light. Oil and coal and most minerals were as nonexistent as a thought one has never had. Electricity was but an angry god

wrong doings, the political tendency is to correlate the bad deeds with the enterprising spirit and squash the virtue along with the vice. In current social action, we tend, quite indiscriminately, to "throw the baby out with the bath water."

[8] "Sumer, the land which came to be known in classical times as Babylonia ... roughly identical with modern Iraq. ... Its climate is extremely hot and dry, and its soil, left to itself, is arid, windswept, and unproductive ... no minerals whatever and almost no stone ... it had no trees for timber. Here, then, was a region with 'the hand of God against it,' an unpromising land seemingly doomed to poverty and desolation. But the people that inhabited it, the Sumerians [circa 5000 B.C.] ... *were endowed with an unusually creative intellect and a venturesome, resolute spirit* ... they turned Sumer into a veritable Garden of Eden and developed what was probably the first high civilization in the history of man." (Italics mine.) See *The Sumerians* by Samuel Noah Kramer, The University of Chicago Press, 1963, p. 3.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

seen in a thunderstorm. Water had the power to float a canoe but how could water be made to propel one as did their paddles? Probably this thought never entered their non-entrepreneurial heads. The result? Enslaved by the poverty of a foraging economy and lack of enterprise, fewer than a million Indians found existence possible in this land.

What the secret or mystery is that lies back of the entrepreneurial spirit we need not here examine. Suffice it to say that this spirit blossomed in a degree unheard of before in history, among those who came after the Indians. Looking at the record, we observe an unprecedented synthesis of what had been nothings into fantastic somethings, the creative organization of mere unknown potentialities into life-giving realities, the transformation of zeros into actual numbers of power tools, productive farms, factories, and wants satisfied. From the record we discern human creativity, the Genius in the case being the entrepreneurial spirit and its essential vehicle, freedom in transactions.

Take but one among hundreds of thousands of examples: Where there had been nothing, this spiritual Genius put countless natural and human elements together and brought forth coal from the earth; this was converted into heat and applied to water which, as steam, ran engines to propel the ships of commerce; and, lo and behold, there began a wealth-creating, exchange economy which replaced the foraging economy of the Indians.

Removing the Incentive

Is it not easy to see that the entrepreneurial spirit results in enterprises, and that one of the elements synthesized is human energy, making for employment of the desirable type? And is it not equally evident that this identical Genius *finds* us and gives us the opportunity to render value on an increasing scale? Consider your own tiny skill or talent. In a primitive set-up such as a foraging economy, your skill would doubtless be of no value. Yet, in a halfway functioning exchange economy, your mite can be and is exchanged for food, clothing, education, autos, shelter, heating, cooling, the arts, or whatever. The mite of value you render is increased a thousandfold, not so much by what you individually have done about it but by reason of a spiritual force about which most people are utterly unaware.

The reason we can be certain that only a few recognize the role of the entrepreneurial spirit is that a good majority of us are

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

hell-bent on destroying this energizing force on which our very existence depends![9] If we keep in mind that this Genius can work its wonders only when freedom in transactions is allowed, we will see that all collectivistic policies are antagonistic to freedom in transactions and to the entrepreneurial spirit. Examine labor union positions and the political grist that is coming out of our legislative mills and it will be seen that most of this stuff inhibits, hampers, restrains, or even destroys incentives, ambition, uncommon-ness, rewards, value rendered, gainful employment. For when the creative force that actually finds willing exchange employment is diminished, employment of the unwilling variety takes its place. To penalize success kills the entrepreneurial spirit. The progressive income tax, wage and price and production and exchange controls, shorter work weeks by fiat, feather-bedding, closed shops with their compulsory membership, subsidizing some at the expense of others, are but a few of countless cases in point.

The attainment of employment at its best requires, at a minimum, a crew of voluntary teachers from varied walks of life – enough to constitute a leadership – who understand and can explain the meaning, significance, beneficence, and importance of the entrepreneurial spirit and its essential corollary, freedom in transactions. But, even more: if we are to become usefully instructive, we must learn to isolate and precisely identify all actions – by individuals, labor unions, governments, or whatever – which impair the flourishing of these absolute essentials to economic well-being.

In other terms: You and I should strive to be teachers – not to seek out and develop the entrepreneurs, for their virtue comes more as a gift than by instruction– but to help each other see the purpose and importance of the entrepreneurial spirit and how *not* to interfere with and penalize it – that is, if we seek employment at its best! ◈

[9] Who are these destroyers? They are legion! Some, lacking what it takes to gain great purchasing power—often the reward of those highly endowed with the enterprising spirit – seek and obtain great political power, this being their sole means of getting on top. Other offenders, however, are "has-been" entrepreneurs, those in whom the spirit has ebbed. No different from those who claim that society owes them a living, these "once-weres" insist that society owes them the station to which they have been accustomed. Protectionistic to the core, they fight for the status quo in which they imagine themselves a fixture; no longer able to sustain their position by their own merit, they join programs to repress merit superior to their own as it threatens to show forth in newcomers. Ignoble passions, all!

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

WILLARD M. FOX

Certain Aspects of Profits

THERE ARE ASPECTS of the profit generating process which both economists and writers for the business press largely ignore. Believers in freedom and the market economy understand the necessity of profit. However, even some of them talk at times of profits being "too high" or "too low." In form, such remarks appear to be value judgments; in fact, they are nothing but emotional outcries. Profits are always exactly what they should be.

For simplicity, let us use the ordinary business definition of profit as "what is left after all bills and taxes are paid and all adjustments are made," instead of considering entrepreneurial profit only. Let us also examine the profit-generating process in a very simple firm making only one product and selling its entire output to only one selling agent. Such cases are rare, but they exist. One known to me is a firm that makes nothing but cotton bags for a sugar mill. The process is the same but the accounting is more complex in multi-plant, multi-product firms.

The firm has certain expenses which it cannot change over short periods of time. They include such things as taxes on property, depreciation of machinery and other property, salaries of executives and office workers, and fire and casualty insurance premiums. These expenses are necessary merely to be in business. Let us call them *fixed costs.*

It has certain other expenses which depend on how many units it makes and sells in a given period. In the case of the sugar bag mill, these include such things as the cost of the raw cotton in each bag; the cost of the power needed for light and for running the machines that prepare the cotton, spin the thread, weave the cloth, and sew the bags; the cost of the lubricants, parts, and supply items needed by the machines;

Mr. Fox is a market research executive now residing in Mexico.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

and the wages paid to the production workers. Such expenses vary, depending upon the number of bags made each week or month, but they are *direct costs* of each individual bag.

There is a third class of semi-variable costs. It includes such things as telephone bills and janitor service and maintenance. These never disappear completely and they increase as volume increases. We need not consider them, however, because by appropriate accounting and statistical methods we can separate them and apportion part to fixed and part to direct costs.

Offsetting these costs are the proceeds of the sale of the bags. For simplicity, let us forget about discounts and consider that each bag is sold for a fixed contract *price*.

How Profit Is Determined — An Example

How is the profit of the firm determined? This is easy to express in words and much easier in figures. The income consists of the price for which each bag is sold times the number of bags sold. Against this income (number of bags times price per bag) must be charged the fixed costs incurred in the period and also the direct cost of each bag sold times the number sold. In a sense, the difference between the price and the direct cost can be called the profit on each bag sold. However, it is not the profit of the firm, for the fixed costs have to be paid and each bag pays only a small part of them. If we divide the fixed cost by the "profit per bag," the quotient is obviously the number of bags that must be sold to cover the fixed expense. Businessmen call this the "break-even point." So far, so good.

Beyond this point, there is no need to pay any more fixed costs, and so all the difference between selling price and direct cost is carried to profit. Businessmen say the "burden has been absorbed."

At this point, a few assumed figures may help. Let us assume that the price of a sugar bag is 25 cents and the direct cost of making it is 15 cents and the fixed costs of the mill amount to $100,000 a year. We find the break-even point by dividing the fixed costs ($100,000) by the "profit per bag" (10 cents), giving the answer as 1,000,000 bags per year.

For each additional bag over 1,000,000 a dime is added to profit and a quarter is added to sales; but profit starts from zero and sales start from $250,000; and so it is clear that, *percentagewise*, profits grow faster than sales. Let us see how this works out with the assumed figures:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Sales		Profits	
Units	*Dollars*	*Dollars*	*% of Sales*
1,000,000	$250,000	—	—
1,500,000	375,000	$ 50,000	13.33
2,000,000	500,000	100,000	20.00
2,500,000	625,000	150,000	24.00

These assumed figures are exaggerated. A real firm would be likely to have higher fixed costs than those assumed, and, consequently, a higher break-even point and lower ratio of profit to sales above the break-even point. However, this exaggeration is deliberate to emphasize the point that to talk about "too high" or "too low" profits is mere emotionalism.

What determines the sales volume of a firm in a market economy? There can be only one thing: the verdict of the buyers in the market place. If, as in the case of the assumed sugar bag mill, the buyers are sugar mill purchasing agents, they will only buy from "our" firm if it produces bags cheaper and better. If the buyers are housewives and the product is something sold, say, in supermarkets, they will buy only to the extent that in their judgment and experience the product gives them greater user-satisfaction for their money than any other similar product with which they are familiar.

What determines the profit of a firm? Basically, two things: (1) the ability to get sales volume; and (2) the ability to keep product quality uniform and costs under control.

Better Service, Greater Profit

We have gone through a great deal that is obvious to arrive at the point at which we can consider the implications of profit. The size of a profit in dollars is a direct measure of the ability of a firm to serve the needs or wants of its customers and potential customers. The ratio of its profits to its sales is a direct measure of the ability of a firm to control quality and costs. It follows, as the night the day, that the greater the profitability of a firm, the greater its demonstrated ability to provide people with things they want and need at prices they are willing and able to pay in relation to the comparable abilities of competing firms in the market. Since there can never be too much ability in a market economy, it follows automatically that profits can never be too great.

Under competition, so-called "excessive" profits invite competition which is quick to enter the market to give consumers new choices and eventually lowered prices. An alternate to this is a lowering of prices voluntarily by the established producer or producers. For instance, du Pont vol-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

untarily cut the price of cellophane and nylon time after time when it was the sole or virtually the sole supplier, to increase the sales volume by increasing the number of users, the amount used per user, and the number of possible uses by users – and also, of course, its profits. An even clearer case of such behavior is that of the telephone companies which have natural monopolies within their service areas and need not fear direct competition. Yet, they strive constantly and successfully to improve the quality and availability of service and the number of services rendered while lowering rates or at least not raising them as fast as other prices rise. Again, the motivation is the maximization of profits.

On the other hand, profits cannot be "too low." Small profits or losses in a market economy simply mean that a firm is in some respects incapable of giving a sufficiently good quality of product at a competitive price to make a profitable number of customers ready and willing to buy. "Too low" profits or losses simply mean that a firm either never had or has lost its right to exist. Its choice is to become competitive or to go out of business. In a world in which resources are scarce and need to be used efficiently, this is as it should be.

Demonstrated Ability To Serve

A high degree of profitability indicates that a firm is using scarce resources as consumers want them used, but it has a further meaning. Consumers want new things, better things, and more things. Savers and investors want to put their money to work where it can be productive. It is just plain horse sense for them to entrust their money to firms which have demonstrated over the years or even over decades an ability to earn substantial profits by developing more and better things that more and more people want to buy from them. This enables firms that are serving the market efficiently to attract new capital in the necessary quantities at the best terms, risk considered, the money market offers.

Likewise, it is clearly in everybody's interest to avoid putting new money to work in firms in which profits are low, declining, or nonexistent. Such firms are using resources entrusted to them inefficiently by the realistic standards of the market. It is in the interest of the consuming public and the owners alike that such firms redirect their resources to profitable employment or turn them over to new owners with brighter prospects for success.

Because the decisions of the market express the will of con-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

sumers and because the profitability of firms is a clear and certain measure of the actual ability of competing firms to serve consumers, arbitrary or punitive actions that affect profitability should be avoided.

"Fair Trade" a Misnomer

"Quality stabilization," the current name for "Fair Trade," is a case now in point. Proponents of price fixing, by whatever name it is called and whether it is aimed at fixing minimum or maximum prices, want their judgment to override the judgment of the market place. It is easy to sympathize with the plight of the corner druggist who *does* work long hours and who *does* stand ready to back up a physician by getting up in the middle of the night to fill an emergency prescription for a very small profit.

Yet, no matter how sympathetic one may be, a believer in freedom and free markets must turn a deaf ear to all such special pleading; profitability is the most dependable, in fact the only realistic, measure of service rendered. In a world of scarce resources and abundant unsatisfied needs and wants, economic goods must be used in the most efficient ways known to us. The mind of man has not and cannot devise any better system of allocating scarce means to alternate ends than a profit and loss system of voluntary exchange of goods and services among free men and women. Driven by envy or other emotions, including even altruism or benevolence, believers in coercion condemn profits and particularly what they call "too high" profits and demand interference with the market.

To combat their mistaken, though often entirely sincere, opposition, believers in freedom must be able to explain simply, clearly, and convincingly how profits are generated and why it is impossible for profits to be "too high" or "too low." To argue that the profits of a firm (be it General Motors Corporation or any other) are "too high" is merely to argue that some proportion of the voluntary buyers of its products (be they Chevrolets or whatever) should be arbitrarily denied what they want and compelled to settle for something that is at best second choice. That is a direct negation of freedom, which, carried to its ultimate conclusion, would substitute the value judgments of bureaucrats for market decisions at all times and in all places. In short, interference with profits is interference with personal choices. ◈

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the Uncommon Man

ENDERS M. VOORHEES

THE UNCOMMON MAN is one possessed of special aptitudes and talents which in America he is allowed and encouraged to develop.

More than any other land ours is the land of and for Uncommon Men. Yet to keep America of and for Uncommon Men requires that the Uncommon Men within it appreciate the fundamentals that underlie it because it is to them that others turn for guidance in attitudes and decisions which can have far-reaching effects on our country.

No American is born into rigid class restriction or predetermined servitude. On the contrary, no limit, short of coercing or stealing from others, is placed on his choice of occupation and initiative in pursuing it. He is free to develop whatever capacities he possesses. He is free to offer his products or services in the court of final appeal — that is, to King Customer in the nation's voluntary and competitive markets, where the worth of his product is continuously judged by all his neighbors interested in buying or selling it. Those markets, when free of monopoly and political dictation, are the most democratic thing in America. The individual's right to appeal through them to the combined judgment of all his neighbors is a most significant bulwark of economic justice and individual independence. Bar the man's right competitively to sell his own services or product, unhindered in the presence of all others, and he becomes enslaved to whomever will hand him a living dole, demanding abject obedience in exchange.

King Customer—who is each and every one of us as consumers — supplies to each the prospect of reward and the compulsion of competition to discover and perform the most useful service of which he is capable. America is so productive because so many people

---

This article is condensed from a Commencement Day address by Mr. Voorhees at the New York Trade School in 1948, at which time the author was Chairman of the Finance Committee, United States Steel Corporation.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

concentrate on doing those things they can do better than others can, and then freely exchange in the markets the fruits of their efforts to their vast mutual benefit. It is a land where each expertly produces *one* thing but can get its equivalent in *every*thing else. It is the place, one of the few on earth, where all men are born free and equal to make the most of their native *inequalities*.

But as each individual in our exchange economy becomes more specialized, there is diminishing need in the course of earning a living to know what other people in other lines of activity are contributing. As the interest in knowing about them lags, the knowledge about them diminishes. The realization of how important the contributions of others are to the coordinated functioning of all production also becomes dim.

With productive specialization we all live better; but we can do it only in terms of unending team play and tool providing. It is all too easy to forget the importance of the other fellow's contribution.

As interest, knowledge, and appreciation of the other's part in the team play becomes dim in the light of one's own preoccupation, then it is quite natural to belittle the other fellow's contribution and to ennoble one's own. From there it is an easy step to pretending or believing that the other fellow gets paid too much and one's self is not paid enough. Being remote from each other, for example, the employee thinks his wage is too low and the owner's profit is too big, and vice versa; while the customer thinks both get too much and the price is too high.

Specialized production or service also, quite naturally, throws those similarly engaged together and so we have trade unions, labor unions, industry associations, farm organizations, and all kinds of societies of doctors, lawyers, managers, accountants, economists, statisticians, investors, engineers, scientists, and so on. This is good because it spreads knowledge of better ways to do things among those engaged in similar arts. But it is also bad because it aggravates the natural misconception of what other groups contribute to production and thus multiplies mutual grievance rather than encouraging common understanding. Fancied wrongs seem real if you talk only to those of a similar fancy, and soon you are likely to find yourselves organized into monopolies or pressure groups to get something for nothing from the other fellow who is assumed to be getting too much for too little.

Let me repeat that ours is the land of Uncommon Men because

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

all men have individual freedom and competitive compulsion to develop their particular aptitudes and to exchange the fruits of their exertion with each other in markets free of fraud, coercion, monopoly abuse, and government dictation. The result has been little short of a miracle. But it carries the possible seeds of its own destruction because it segregates people into specialized occupations, indifferent to or ignorant of the contributions of other groups.

Stockholders versus Employees

There are two specialized groups between whom understanding and cooperation are especially important but between whom, in recent years, misunderstanding and antagonism have been greatly promoted, perhaps deliberately, by those of communist leanings. I refer to owners, that is, stockholders of corporations and to the employees of corporations. I said they were specialized groups. That is not quite true. Nearly every stockholder is also a worker; and nearly every worker is also, directly or indirectly, a capitalist. He either has savings invested in bonds or stocks, or he has savings in banks or with life insurance companies which by them have been invested to help provide the American tools of production. Nevertheless, profit has been labeled as sin, propagandized as enormous, blamed for inflation, represented as virtually stolen from employees' pay and, on the force of such falsehoods, subjected to doubled-up confiscatory taxation. Such "hokum" – if I may use the word – is worth the Uncommon Man's investigation lest the innocent be injured and the unwary be irrevocably despoiled of their birthright.

Only Tools Create Jobs

We might start by considering the importance of the tools of production.

Where do tools come from? Go back to the pioneer farmer: By denying himself part of the food he had raised or by working harder to produce more than he needed he was able to pay another to build a wagon he wanted. The wagon became the farmer's tool – his capital. It belonged to the farmer not to its builder, because it was the farmer who endured the sacrifice in not consuming the equivalent of what he produced. The builder got the equivalent of the wagon he had built in the pioneer's food he was given. Tools come from producing more than one consumes. They are the fruit of self-denial and sacrifice added to exertion. There is no source of tools, and hence of multiplied production, except that more be pro-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

duced than is consumed or, conversely, that something be saved out of whatever is produced. Saving is the sole source of tools, and hence of wealth and of prosperous well-being. It requires self-denial and sacrifice; it is never undertaken except in the hope of benefiting thereby; it will not be undertaken if benefit therefrom is denied.

The fact is, of course, that those who, through their savings, provide the tools of production are the workingman's greatest friend – so much so that, without that friend, workingmen by the millions would die of starvation and destitution as the nation sank back toward barbarism. Millions so died in Russia when communism replaced capitalism there. Stop and think a moment: Do you know of any way in which a self-sustaining productive job can be created except by someone spending his savings to buy tools that men can use to produce the marketable goods to cover their continuing wage? I do not. Even the lowly job of digging requires the employer to spend savings for a shovel. For steel production – from mine to market – at least $20,000 would nowadays be required to create one new job.

Let me ask you another question: Do you know of any reason in this world why anyone would voluntarily make sacrifices and save money to buy tools of production for the other fellow to use if he did not expect to get a profit out of it? I do not. Would you yourselves sink your savings in a company that you thought would pay you little or no dividends? Would you so much as give up steak dinners to buy the tools of your own craft unless you thought you could make more money by doing it? So why all this yielding to communist propaganda that profits are sinful?

About Profits

Profits are not evil; they are a positive good in the land. They are payment for thrift, self-sacrifice, energy, and insight in assembling the tools of production for providing the good things of life. They are the fuel that fires the engines of progress toward more and better goods and more and better jobs. Without profits, there would be no jobs, for who would give pay for work that yielded no benefit to the payer?

Let the worker – either directly or through his government – confiscate the profit of his employer and the reason for his hiring disappears with loss to the worker in wages tenfold the profit confiscated. Buyers, in democratic market-place decision, determine the worth of the product. If its worth

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

yields no profit in its production, then the costs of its production must contract or its production cease and the workers be idle or seek other occupation. If profit is covered within worth, then workers' continued employment is by that, and by that alone, guaranteed, while greater production of wanted and worthy products is foreshadowed.

Profit is the proof of the worthiness of production; loss is the proof of its unworthiness, of the waste of the energy and thrift that provided wrong tools of production, or of the job-destroying rapacity of tax gatherers or of workers employed in their operation. The greater the profit, the greater the incentive for expanding production and progress, while loss is the proof that progress has stopped. It is not profit that is evil; it is the enemies of profit who are evil; for if they prevail, millions must die as a spreading dearth of tools blights capacity for survival production.

With tools men can produce ten to twenty times as much as without them, with the tool providers getting but one-twentieth to one-tenth of the multiplied production. That in America the hope of profit has been extended as an inducement to those able and willing to provide the tools of production is one of its greatest blessings. That there are others who in ignorance or envy would undermine that profit incentive to provide tools of production is America's greatest tragedy – or grimmest comedy, if you prefer to look at it that way.

Sharpening up the tragedy – or comedy – is the fact that it is the least efficient and least thrifty who most need an abundance of job-creating tools of production to insure their being among those hired; yet they are often the loudest in demanding that profits be taxed away or transferred to them. The ill-housed, ill-clothed, and ill-nourished can be better housed, better clothed, and better nourished only as more and better tools of production come into existence. But if provision of tools is prevented, they will be the first to die in destitution.

The Challenge

America is the land of and for Uncommon Men not only because it affords free choice and opportunity for people to become expert in their chosen occupations, but also, as we now see, because it has mechanisms and incentives for providing the tools of production that the skilled must operate if their skill is to have full fruition in abundant production. Neither men nor machines could possibly do the job alone. And neither will be present on the job without pay.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Full cooperation and freedom from monopoly or coercion between tool owners and tool users are necessary if the well-nigh miraculous progress is to be repeated in the future.

Here then is the challenge to the Uncommon Man. Not only must he be high-grade in his chosen activity, but also he must be broad gauge in his understanding of the nation's interlocking activities which result in his own and everybody else's well-being. Especially must he be on guard against his own perfectly natural prejudices which arise from preoccupation with his own trade to the exclusion of knowledge about the contributions and compensations of others. He would be wise to search always for the facts and the truth, alert to their misrepresentation by power-lusting leaders seeking to play on his emotions and prejudices. It would, in short, be well to remember that eternal vigilance is really and truly the price of that liberty which enables all men in America to make the most of their uncommon abilities and so makes ours a land of and for Uncommon Men. ◈

This Is Communism

EDITOR'S NOTE: *The following item from the November, 1963, issue of* Progress, *published in Melbourne, Australia, suggests that the United States is not the only country where subsidies and controls go together — at the cost of freedom.*

THIS COUNTRY [Australia] is governed by a horde of political chemists selling patent medicines. The labels used by Labor, Liberal, Country Party, and Communists are very different, and there is great bitterness around election time in the use of these labels.

The others all join in decrying the ones using the "communist" label but the plain fact is that whatever the label, they are all using the same mixture, and that mixture is the communist brew. It may vary a little in strength from one to another.

You think that exaggerated? Then consider the text of a bill passed by the Victorian Parliament and promulgated in the *Victorian Government Gazette* of August 16, 1963, concerning egg marketing:

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"Now therefore I, the Governor of the State of Victoria in the Commonwealth of Australia, by and with the advice of the Executive Council of the said State, do by this my proclamation hereby provide and declare that on, from and after the sixteenth day of August, 1963, all eggs shall, subject to and in accordance with the Marketing of Primary Products Act 1958, be divested from the producers of eggs and become vested in and be the absolute property of The Egg and Egg Pulp Marketing Board as the owner thereof and that upon any eggs coming into existence within two (2) *years from the sixteenth day of August, 1963, they shall by virtue of and subject to and in accordance with the said Act become vested in and be the absolute property of The Egg and Egg Pulp Marketing Board as the owner thereof, and to enable The Egg and Egg Pulp Marketing Board as owners of the above-mentioned commodity effectively to obtain possession thereof and to deal with same, I do further provide that all such eggs shall, subject to and in accordance with the provisions of the said Act be delivered by the producers thereof to The Egg and Egg Pulp Marketing Board by its authorized agent within such times at such places and in such manners as The Egg and Egg Pulp Marketing Board by public notice or in a particular case, in writing, directs or as are prescribed by Regulations made under the said Act."*

That Act is plain communism in its essence. If the communists were in the political saddle, they could not have put it better. To introduce a full communist state would simply require other bills in exactly the same terms substituting only the name of the other products named as commodities to be socialised.

This Act takes from the producer the right of ownership of his products unequivocally – any egg that comes into existence belongs to the government or its board. The individual rights are trampled underfoot.

And remember this Act was sponsored by the Liberal Party and supported by the Country Party members who are supposed to be against socialism tooth and nail.

It is no defence to say this is following precedent. The same formula has been applied to maize, potatoes, barley, and other products declared "commodities." That just goes to show how deeply the cancer has entered into us, that those who profess to be horrified at communism are the very ones to introduce it. ◈

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE AMERICAN TRADITION

By Clarence B. Carson

AT LONG LAST—a scholarly interpretation of the history and tradition of freedom in the United States, comprised of the series of articles running currently in *The Freeman*.

Dr. Carson, Professor of American History at Grove City College, carefully examines and lucidly explains these and other facets of the tradition:

Constitutionalism, Higher Law, Republican Government, Federalism, Individualism, Equality, Rights and Responsibilities, Voluntarism, Civilizing of Groups, Free Economic Intercourse, Internationalism, Virtue and Morality.

Best of all are his constructive suggestions for restoring and building upon tradition, so that freedom may survive the twentieth century trend toward collectivism.

The American Tradition, high on our list in the literature of freedom, merits your own thoughtful study. It *should* be available in every public library, high school library, and college library, and in every church fraternal, club, and other reading rooms. It *may* be IF — you suggest it. And it *will* be if you present it as a gift.

319 pages, indexed. Cloth only. $5.00

SPECIAL COMBINATION OFFER:

The American Tradition speaks eloquently for itself, as does Professor Carson's earlier volume, *The Fateful Turn, from Individualism to Collectivism, 1880-1960*. Yet these two volumes complement each other; they belong together. Regularly $5.00 and $3.50, respectively, in cloth, the two may be had for $7.50.

Or, with *The Fateful Turn* in paper (regularly $2.00), the combination is yours for $6.00.

ORDER FROM:

THE FOUNDATION FOR ECONOMIC EDUCATION, INC.
IRVINGTON-ON-HUDSON NEW YORK 10533

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

THE AMERICAN TRADITION

13. To Agree To Disagree

CLARENCE B. CARSON

IT IS CUSTOMARY nowadays to list all sorts of things as social problems. If children are disobedient to their parents, if deaths occur on the highways, if some people lack housing that suits their taste, these are not only likely to be described as social problems but also, if the incidence is widespread at all, "national problems," or, better still, "international problems." Having described the problem, having given it the largest possible scope, then the standard operating procedure is to name "fact-finding" committees, distribute lurid and imaginative accounts of it to the press, and to prepare "stop-gap" legislation to deal with the emergency, pending more nearly definitive solutions. Our politicians have come to resemble hordes of Dutch boys, rushing from hole to hole to stem the tide of an ocean of "problems" by sticking their fingers in the holes. Even the millions of bureaucrats who are hired to stand with their fingers in the holes, though it is not always clear whether they are plugging or making holes, have to be continually augmented.

It is my belief that many of these "problems" are the products of an ideological orientation. The symptoms are often distressingly real, but the diagnosis only aggravates them. Undoubtedly, there are problems which transcend the scope of individuals and of families. There may well be some that could be more effectively dealt with by communities, or even

Dr. Carson is Professor of American History at Grove City College, Pennsylvania. His series on *The American Tradition* is now available as a book, 319 pages, $5.00 cloth. (See announcement on opposite page.)

Illustration: National Archives

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

larger social and political units. But to extend the scope of all problems to the utmost limits is the result of an elemental failure to distinguish among them. Most of those that are now called "national problems" could be readily reduced to individual and family problems. If all the misconduct of children is lumped together as "juvenile delinquency," it assumes massive proportions. But parents can discipline their own children, regulate their hours outdoors, and call them to account for their misconduct. Our dikes are not stemming an ocean tide; they are only hard put to contain all the dirty water we persist in emptying into a common pool, encouraged by many intellectuals and politicians.

Enduring Problems

The great social problems do not change much, if at all, with the passage of time. Our ways of defining them may change. The conditions within which they make their appearance change, and the symptoms will vary depending upon the direction that is taken to solve them. The problems remain the same because they arise from enduring facts of life. Namely, each one of us is different from every other person. Each of us is endowed with a will to have his own way. We have desires, preferences, values, needs, wants, beliefs, prejudices, and customs which are always at the least potential sources of conflict. Most of us desire the company of others – are social beings – yet prize our privacy and independence. The sources of conflict are quite often further increased by our attachments to particular cultures, countries, classes, churches, rituals, and habits. We live in danger of assault by others and are ourselves prone to intrude in the affairs of other men. There are undertakings which we like, even if we do not need, to do with others. We are so constituted, and are so situated in the world, that we must have the help of others in protecting ourselves.

The social problems which arise from these facts about people and the universe can be stated in the following manner: How can people, who are potentially in conflict with one another, live together in peace and harmony? How can they achieve sufficient unity for protective, social, and economic purposes? How can room be left for the development and fulfillment of the individual without giving license to the aggressive wills of these same individuals? To put it another way, the problems are to find ways of maintaining both order and liberty, of harmonizing unity and diversity, of permitting both social coopera-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

tion and individual independence, of protecting people from aggression without crushing their initiative and creativity.

The history of the world is dotted with the graveyards of city-states, nation-states, kingdoms, and empires which have failed to deal with these problems effectively enough to survive. Peoples have yielded up their liberty for national glory, been bedazzled by the splendor and pomp of monarchs, sold their independence for the promise of security, concentrated power to subdue anarchic groups, suppressed differences which they believed threatened their social organization. Peoples have tended to vacillate between the extremes to which the *demos* is given and the confining autocracies of monarchies.

From this viewpoint, the American experience is particularly significant. Of course, Americans did not *solve* the problems described above. Nor is it likely that any people will ever solve them. It is a prominent superstition of our age that problems which arise from the nature of man, of human relationships, and the nature of the universe can be finally solved. Such solutions could only be achieved by getting rid of all people. The most that we can hope and work for is to provide a social framework within which these problems can be kept to manageable proportions, within which there can be a tolerable degree of harmony, a maximum of liberty with a minimum of friction, and an adequacy of unity for security against aggressors without choking out diversity.

The Unique American Experience

There was an American tradition for such a framework. I am calling it here the tradition to agree to disagree. By these words, I mean to describe the essence of the tradition, to sum up the many aspects of a whole tradition. It sums up, too, the only way that I know of that offers much hope of satisfactorily dealing with the problems of human existence enumerated above. The matter should not be put in a pessimistic tone: the American tradition was a creative and artistic rendering of human experience into a way for securing both order and liberty. It was an exhilarating vision which our forefathers had, and an inspiring example which Americans set for a time.

Disagreement was not, of course, the goal or ideal. No one but a sophist could take pleasure in disagreement. Certainly, Americans were quite often people of conviction and given to enthusiasms. And, men of conviction

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

find it extremely difficult to understand why others do not agree with them. To agree to disagree may even be called an expedient, for that is what it is and was. It was a very practical expedient when Americans began the United States. There were in America people from many lands, accustomed to diverse practices, and zealously missionary in spreading their ways. There were several races, a multitude of religious sects, people of an independent and adventurous spirit alongside those who wanted to live in communities separate from the "world." There were Puritans, Quakers, Mennonites, Baptists, monarchists, democrats, slaveholders, abolitionists, establishmentarians, disestablishmentarians, physiocrats, mercantilists, Germans, Jews, Scotch, English, Dutch, Swedes, Negroes, alcoholics, and total abstainers. There were those who would base the elective franchise upon property or wealth, while others favored only the arrival at manhood. There were individualists and communitarians, and many other persuasions with vigorous advocates. A "United States" was only possible if men could agree to disagree about a great many things.

What was expedient for them is, however, an essential of liberty. Theoretically, it might be desirable for all men to agree on everything, though I doubt it. Practically, such agreement would only be possible if all individual wills were crushed and subjected to a single will. The effort to do this is always in the direction of the well traveled road to despotism. The alternatives are agreement to disagree or despotism.

If men simply agreed to disagree, however, there is great likelihood that disorder, chaos, and oppression would follow. The strong would oppress the weak. Men would form bands to prey upon and subdue others. Disagreement would soon be something bought at a high price. Far from being something simple to achieve, free disagreement must be provided for by subtle and creative social arrangements and protected by powerful inner sanctions of the individual. These things the American tradition provided. It is from this point of view that I would like to sum it up.

Government Must Be Limited

The first essential for effective disagreement is that governments be strictly limited in what they are to do. Governments *are* necessary to the maintenance of order and protection of the individual, but they may easily become instruments of oppression and use

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

their powers to produce unwilling assent. A written constitution was the device adopted by Americans to contain and limit government. Many current "liberals" hold the position that, except for the rights of certain "pet" minorities, disagreement is adequately provided for by allowing freedom of speech and press and maintaining a voting mechanism by which the actions of governments may be altered or reversed. But insofar as the agreement to disagree encompasses liberty, the provision for mere verbal disagreement does not begin to be enough. And, it is by no means all that the United States Constitution established. The Constitution attempted to limit governmental action by listing matters beyond the jurisdiction of the federal government, by denying certain powers to the states, and by providing that all those powers not specifically granted to the federal government were reserved to the states or to the people. Thus, it provided for substantive liberty as well as verbal disagreement.

The most important political provision for disagreement was the federal system of government. By this system, powers were not only dispersed, thus further limiting the governments, but also a way was opened for following quite different policies locally. Thus, if the people of a state decided to do so, they might have laws and customs quite different from an adjoining state or from any other state. Variety and diversity were possible. But the free movement of people (excepting slaves, when and where slavery was established) and goods placed practical limits upon what could be done by a state. If a state passed oppressive laws, the chances were good that it would lose population and wealth. If it had higher taxes than neighboring states, its merchants would lose trade to those of other states, particularly along the border. If any group were given special privileges to the disadvantage of other citizens, these citizens might retaliate by leaving the state.

Republican Form of Government

Agreement on some essentials is necessary to providing conditions within which people can be at liberty, develop their own ways —in effect, disagree. They must agree upon the establishment of a framework for liberty. Obviously, constitutionalism and federalism must be widely accepted in order to survive. The Founding Fathers thought one other structural condition was necessary: republican forms of government. The Constitution not only established a republican form for

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

the central government but also prescribed that all states must have governments that were republican in form. Basically, this meant that the actions of government stemmed initially from the electorate, and that the people would act through representatives. Such governments would have a popular base, but, it was hoped, the worst effects of direct government would be prevented by the necessity of acting through representatives. Efforts were made, also, to prevent or delay precipitate majority action by representatives. By having two Houses in the national government, each of which had to pass legislation by majorities, by providing for presidential vetoes, by requiring that legislation passed over vetoes be passed by at least two-thirds of each House, by creating an independent judiciary which would apply the laws, the Founders hoped to prevent all government action which did not have widespread support. In short, there was an effort to limit government to that action upon which there was general agreement. The effect of this should be to limit to a few matters the action actually taken. This would keep the area of individual liberty large while satisfying the requirement that government be by agreement.

Those who have written about American traditions have usually paid far too much attention to the political (or governmental) tradition and far too little to the customs, habits, folkways, and beliefs which lay outside the political realm. For in the American tradition most things were left to individual and voluntary group decision. But it was in the area outside of legal imposition that agreement to disagree really worked. It was here, too, that the underlying support for tradition lay. The belief in and practices which we associate with individualism were not the least of these. The tradition of individualism embraced private rights, individual responsibility, respect for the individual, and the belief that ultimately the individual is the only thing of final importance. Herein lies the final significance of the agreement to disagree. If individuals are to be held responsible for their acts, if these acts are to have moral content, individuals must be free to chose their courses of action. This means that they must be permitted to disagree. Choice is the important thing, but the possibility of disagreement is necessary to choice.

Equality Before the Law

The corollaries of individualism are equality before the law, voluntarism, and some means of civil-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

izing groups. If the individual is to assume his responsibilities to look after himself and his own, if he is to exercise his rights, he needs to be legally equal to all other men. To put it negatively, he needs to be free of any imposed disabilities. When the law acts impartially toward all individuals, all will not fare equally, of course. But they will have mainly themselves to blame for such inequalities as exist. Some individuals will not be able to look after themselves, however, because of disabilities inherited or acquired. In the American tradition, they were supposed to be taken care of mainly by the voluntary activity of individuals and groups. All sorts of voluntary groupings were permitted and promoted for doing things which individuals could not do alone, charitable, educational, business, and so on. Groups are potentially dangerous to individuals, however, not only because groups differ in their nature from individuals but because they can overpower and suppress the individual. In America, there was a tradition for civilizing them. Mainly it consisted of denying them the right to use force to have their way, of avoiding direct political action by groups, and of breaking them up into individuals to deal with them.

Free economic intercourse was a very useful adjunct to individualism; indeed, it was a corollary of equality before the law and an essential condition to disagreement in economic matters. People differ greatly from one to another as to what goods are wanted, in what quantity and of what quality they should be made, whether they should be produced by hand or by machines, how labor should be employed and paid, and so forth. If economic intercourse is free from control, these matters will be settled by the customers, each man deciding for himself so far as it lies within his power and by agreement with others when more than one person is necessary to the decision. If men want to make money, and many appear to, the market will provide many of the answers to otherwise unanswerable questions. Men may disagree, even with the market, but they will pay heavily for their disagreement.

Self-Discipline Required

The American tradition, then, was one of liberty for men to seek their own well-being as they saw fit, to do so alone or in the company of others, to exert their wills in their own behalf, perchance for self-expression and individual fulfillment. But such liberty does not dispose of all social problems; it even raises some. Both individuals and groups, when they are free,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

are apt to exert their wills upon others uninvited, to oppress them, and to seek their personal or group interest at the expense of others.

The American tradition provided for these eventualities also, in two important ways. First, the American tradition was one of government by law. This meant that all men were under the law, and that they must act in accordance with certain rules, or be punished if they were caught. They must not use force on another who has not first provoked the act by use of force. They must live up to the terms of their contracts. They must not commit fraud or practice willful deceit.

A Tradition of Competition

Second, there was a *tradition of competition* in America. I have not discussed this elsewhere in detail, but it was probably the most important tradition for bringing harmony out of potential conflict. So far as we know, many men *are* aggressive by nature. They are capable of committing aggression upon others. Some have believed that the way to handle this bent is to suppress it, to close off all outlets to express it. The American way, however, was to channel and direct it through competition, to permit a legitimate mode for the expression of the desire to best others. Indeed, this was the mode of American progress. Through competition, conducted according to rules, men were striving continually to do something better than anyone else had done or would do, to build a better product, to write a better book, to invent, to discover, to create, to accumulate, to originate, to perfect, to overcome, to outplay, and to excel. The competition motif pervaded American business, education, arts, charity, games, social life, and religion. The consequences were the achievements for which America became known around the world.

But competition was the cornerstone of the agreement to disagree. The very disagreement and difference spurred the achievement, but the underlying agreement was expressed in this aphorism: "May the best man win." Each man could pursue his own interest, but the result of this was often more and less expensive goods, new and improved products, more comfortable transportation, swifter communication, more alert teachers, more zealous ministers, more vigorous athletes, and so on. True, there would be those who would not be captivated by many of these achievements, or even reckon them to be achievements, but so long as they were not forced to contribute to them

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

by government, their disagreement was protected, and their opposition as effective as their powers of persuasion.

This whole tradition to agree to disagree was knit together and given inner vitality by a tradition of virtue and morality. The belief in a moral order in the universe gave metaphysical support to the American way. It made liberty an imperative, for choice was the mode for the individual's participation in this moral order. It supported, too, the virtues—i.e., industry, thrift, frugality, self-respect, independence, respect for others – which made the system work. In the final analysis, the belief in a moral order in the universe made the agreement to disagree acceptable, for the final triumph of righteousness would not be thwarted by differences among men. Men would suffer, if and when they were wrong, but not the moral order.

The agreement to disagree was facilitated in relations among nations by the system of nation-states and the tradition of foreign relations in the nineteenth century. Internally, the peoples of a nation could pursue whatever ways suited them. Externally, they could carry on relations with others, so long as they did so in a civilized manner. The condition of dealing with others was the agreement to do so in a regular and civilized manner, to respect the nationals of other countries within their borders, to see that their citizens honored contracts, to concur in those practices which would facilitate trade, commerce, and intercourse on equitable terms.

It is not my contention that this tradition made men perfect, that it removed all abrasiveness from human relations, or that it solved all problems. It did, however, provide a framework for people to live in harmony with one another, offer opportunities for the fulfillment of individuals, impose checks upon the licentious wills of individuals, arouse the devotion of the populace so as to make unity possible, permit a great degree of diversity, and have a basis for establishing order. It did not do what no system is likely to do: banish suffering from the world, provide perfect justice for every man at every moment, or solve all the "problems" which men could conjure up. Perhaps it succeeded so well that some men, viewing the accomplishments under it, believed that utopia was possible.

The Search for Utopia

At any rate, nineteenth century intellectuals were prolific in devising plans for "solving" the remaining problems of human be-

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

ings. Communists, socialists, anarchists, perfectionists, communitarians, and ideologues of every imaginable persuasion vied with one another for the prize of having *the* perfect plan. But these ideologies were at war with the whole Western tradition, or, for that matter, with any tradition. The wisdom of the ages might proclaim that human nature was flawed, but it could not be so if perfection was to be achieved. Indeed, it would be better if there were no human nature, only plastic human beings. To make such conceptions believable, Marx, Nietzsche, Darwin, Freud, James, and Dewey, among others, stood the world of traditional belief on its head.

Many are confused today because they hear familiar words used in unfamiliar ways, and unfamiliar words used to describe familiar things. But this is the consequence of standing the world of belief on its head. Black then becomes white; freedom becomes unfreedom. For example, to some – Marx prominent among them – freedom came to be identified with an absence of tension or conflict. Thus, even competition becomes an intolerable evil, for it regularizes and gives approbation to that which should be removed. To others, the bent to aggression sets up intolerable frustrations if it is not relieved directly, i.e., by physical combat in war.

Those of us now living have behind us some of the catastrophes that resulted from the ideologies which would solve all problems. We know of the fascist attempt to achieve social and economic accord by the empowering of groups organized as syndicates, and the forging of an irrepressible unity in the fires of war. We know of the Nazi attempts to achieve an earthly paradise on the unity which arises from blood and soil, and of the unspeakable atrocities they committed against those who were disruptive of that unity. Then there have been the Russian communist experiments, the massive efforts to alter human nature, the persecution of dissidents, the reigns of terror, and the predictable famines and shortages. On a world scale, the agreement to disagree has dissolved, melted in the fires of catastrophic conflicts and nearly permanent civil disorders. Almost everywhere the tendency has been to replace it with the forced concurrence to concur, the tendency to coerce into obedience.

American Departure from Tradition

Happy the nation that should be spared such trials! Would that I could report that Americans had stood apart from all this,

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

weeping with those who wept and mourning with those who mourned, but determined to stand by a tested and proven tradition, a tradition to agree to disagree. But it is not so. American soil has been spared thus far the bloodletting that has followed upon the ideological attempts to turn the world upside down in this century. But many Americans, too, have succumbed to the lure of utopia. They have traded in the old tradition and wait, impatiently and even riotously sometimes, for the paradise which ideologues have promised. If there is still unemployment, it is not as bad as it once was, we are told. If there is still intolerance, it will end upon the "completion of the revolution," we are promised.

My point is this, however: the agreement to disagree is disappearing from America also. It is not going in the revolutionary way it did in Nazi Germany or Communist Russia. Rather, it is disappearing step by step and stage by stage. The belief in a Higher Law is undermined by a relativism which admits of none, and constitutionalism ceases to impose limits on government as the Constitution is reinterpreted in the light of changing conditions. Republican government loses its vitality because of the attempts to make it into a direct democracy and to have it act in ways for which it is not suited as a form. Localism is swallowed up by an all-embracing centralism, and the federal principle falls by the way. Government by law is superseded because the welfare state must be imposed by a government of men. Individualism loses ground to collectivism. The area for voluntary activity is diminished as the area of compulsory activity is expanded. Equality before the law is obscured by the efforts to make men equal by law. Minute regulations are imposed in an attempt to regulate groups which have been empowered by law, and we forget how to civilize groups. Free economic intercourse declines before a mounting tide of regulations, and we drift toward neofeudalism and neomercantilism. Internationalism has largely been replaced in foreign relations by interventionism. Ideologues attempt to envision a man-made order which will serve in the stead of the moral order they have displaced, and struggle mightily to obscure immorality by denying its existence.

The Welfare State

These tendencies have not yet resulted in the complete obliteration of the tradition. A saving remnant of Americans have clung to the tradition. Moreover, many

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

"liberals" have attempted to preserve some of the tradition to agree to disagree, particularly that part of it they call "civil rights." They have pressed for the concentration of power in a central government, for the planned economy, for the regulation of business, for foreign intervention, for collective responsibility at home and abroad. On the other hand, they have attempted to forestall some of the consequences of these actions for liberty. The result is what is now generally called the welfare state. According to the mythos of the "liberals," a way has been found to preserve the best of the American tradition while avoiding what they conceive to be the onerous consequences of individual action and responsibility. It is the middle way of the welfare state.

The Myth Exploited

Many Americans apparently believe that there is truth in this myth. What they do not perceive is the illusory character of what is said to be preserved and the very real uses of power which have been introduced. Thus, we are told that there is no need to fear the concentration of power in government so long as that power is checked by the electoral process. We are urged to believe that so long as we can express our disagreement in words, we have our full rights to disagree. Now both freedom of speech and the electoral process are important to liberty, but alone they are only the dessicated remains of liberty. However vigorously we may argue against foreign aid, our substance is still drained away in never-to-be-repaid loans. Quite often, there is not even a candidate to vote for who holds views remotely like my own. To vent one's spleen against the graduated income tax may be healthy for the psyche, but one must still yield up his freedom of choice as to how his money will be spent when he pays it to the government. The voice of electors in government is not even proportioned to tax contribution of individuals; thus, those who contribute more lose rather than gain by the "democratic" process. A majority of voters may decide that property cannot be used in such and such ways, but the liberty of the individual is diminished just as much in that regard as if a dictator had decreed it. Those who believe in the redistribution of the wealth should be free to redistribute their own, but they are undoubtedly limiting the freedom of others when they vote to redistribute theirs.

Effective disagreement means not *doing* what one does not want

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

to *do* as well as saying what he wants to say. What is from one angle the welfare state is from another the compulsory state. Let me submit a bill of particulars. Children are *forced* to attend school. Americans are *forced* to pay taxes to support foreign aid, *forced* to support the Peace Corps, *forced* to make loans to the United Nations, *forced* to contribute to the building of hospitals, *forced* to serve in the armed forces. Employers are *forced* to submit to arbitration with labor leaders. Laborers are *forced* to accept the majority decision. Employers are *forced* to pay minimum wages, or go out of business. But it is not even certain that they will be permitted by the courts to go out of business. Railroads are *forced* to charge established rates and to continue services which may have become uneconomical. Many Americans are *forced* to pay social security. Farmers are *forced* to operate according to the restrictions voted by a majority of those involved. The list could be extended, but surely the point has been made.

Force and Compulsion Inevitably Go with Subsidies

That the compulsory character of the welfare state is not always apparent has a variety of explanations. Political demagogues call our attention to the benefits and make no mention of the compulsion by which they are to be acquired. "Liberal" ideologues have constructed a language for discussing their programs which hides the force and coercion that is involved. Americans continue to obey the laws willingly, in keeping with the habits drawn from tradition, unaware that the tradition has been undermined. The more thoughtful may read the fearful penalties attached to disobedience of federal laws: $10,000 fine or ten years in prison or both. Many are undoubtedly convinced that what the government is doing is what we *should* do in any case. They may be right, but they should understand that however desirable the programs they are programs imposed by force or the threat of force, that disagreement with them may be only verbal, and that each such extension of governmental authority is at the expense of individual liberty.

Let us draw the unavoidable conclusion. The welfare state *cannot* be instituted without destroying the agreement to disagree. There cannot be a nationally planned economy without taking from individuals the right of individuals to plan their own economic activities. Groups cannot be empowered without giving them

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

coercive powers over individuals. We cannot have a federally imposed homogenized and integrated society without at the same time destroying diversity. Competitiveness may be discouraged and squelched, but the smoldering aggressiveness of individuals which has been denied constructive outlets will erupt in the violence of "rebels without a cause." There is no denying the ingenuity of "sophisticated" intellectuals who can fabricate endless explanations for the failures of their programs, explanations which will leave the programs unindicted. If reality were entirely plastic, if it consisted only of mental "constructs," I have no doubt they could devise a world in which men might agree to disagree and yet always act in a unified manner on everything. Unfortunately for them, and fortunately for us (for I am unwilling to admit that they could build a better universe), their phantasies are pitted against a concrete reality, and the consequences of their programs will come whether they recognize a language that would describe them or not.

For those who believe in liberty, there is still room for hope. The universe will still bring to nought the conceits of men, though all may suffer in the process. Men have sometimes learned a little from their experiences. The American tradition is still sufficiently alive that the language drawn from it kindles a warm response in the breasts of some men, and many "liberals" are still inhibited by it from pressing their programs to their logical conclusion. The verbal disagreement that is still possible by way of freedom of speech may still be used to persuade men to acknowledge the compulsion of the welfare state. The electoral process can still be used to reverse these tendencies. Congress still sits, and many men there have the courage to stand against executive authority and even to talk back to the Supreme Court. There can be no possibility of getting all men to agree to the multitude of positive governmental programs involving compulsion, but it may still be possible to recover the tradition to agree to disagree. ◈

• *The next article in this series will consider "The Restoration of the Tradition."*

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

The Tradition Re-examined

WHEN Walter Lippmann speaks of the "central position" in American political thinking, he has in mind a hodgepodge that embraces a score of clashing beliefs. He wants what the socialists want, only a little less of it; he wants a tripartite division of the governmental powers *à la Montesquieu,* but with strong presidential "leadership" capable of making the legislature a mere vetoing body; he wants "internationalism," but is willing to trust "neutralists" to be really neutral; and he thinks both major political parties should accept his position, which, if they did, would make voting a matter of supreme indifference.

The unfortunate thing about Mr. Lippmann's definition of "centrality" is that virtually everyone who writes editorials and columns for the newspapers agrees with him. So, when Clarence B. Carson writes a book called *The American Tradition* (Foundation for Economic Education, $5) and presents a far different position as "central," none of the ordinary writing fraternity is prepared to understand him. This is stuff for the "radical right," and hence un-American. We are all supposed, so the ordinary writing fraternity says, to walk "the middle of the road," to accept a "consensus." We are supposed to be for "rights" for minorities, but not for any particular right such as the right to dispose as we see fit of our own property, or to be taxed equitably, or to accept a job on one's own terms in Walter Reuther's territory.

So we get caught in a semantic nightmare if we read the Lippmanns, and it is small wonder that the "central position" shifts year by year to the left. We are left walking the "middle" of an Alice-in-Wonderland road that moves laterally as we go forward.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Basic Beliefs

Professor Carson's idea of "centrality" relates to what most Americans might be expected to offer as their "consensus" if they were quizzed about real basic beliefs, not about candidates and subsidies and other things that get involved with personal "styles" and tempting invitations to profit at the other fellow's expense. Thus, he would expect most people to profess a preference for voluntary association as against compulsory herding-together. He would expect them to agree with the idea that legislated law, or "positive" law, should be in accordance with the human nature which the Creator defined long before there were governments among men. He would expect them to believe that a legislature should formulate new law and that the veto should be exercised by the chief executive, not vice versa. He would expect most people to say they admired self-reliance as a virtue, that they believed in saving for a rainy day, that they believed in local option as against control from a distance, and that excellence and foresight should earn a higher reward than mediocrity.

In short, Professor Carson would expect most people to endorse his description of the "central" American tradition that developed as our people weaned themselves away from the authoritarianism of their seventeenth century ancestors and before the semantic pettifoggers of modern "intellectualism" had stolen all the fine phrases of liberalism to mask their collectivist aims.

In presenting his central American tradition, Professor Carson is the philosophical student of history as contrasted to the ideologist. He searches for the constant in his tradition by observing what our forefathers did, and the truly surprising thing is that this Burkean method of respecting the "eternal contract" of society results in a book that is logically consistent. Acting on their human impulses, our ancestors did for the most part behave in a nonschizoid manner. In economics they got pretty far away from seventeenth century mercantilistic controls. In government they did disperse the power. In foreign policy they did behave in a "live and let live" manner. They built churches and colleges and even grammar schools without state support, and at one time they even had so many colleges that they had to drop a few.

Their belief in "natural rights" flowed from a conviction that there was moral order in the universe. Not everyone believed in a personal God, or in immortality.

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

But those who were skeptical of revealed religions believed there was an organizing principle at work behind the veil. The Deists spoke of "nature's God," meaning a mysterious law-giving force that gave architecture and direction to things. The conviction of moral order assured an inner serenity that was reflected in everything from constitution writing to furniture, cooking, and clothes.

The tradition, as Professor Carson is very much aware, was often flawed, for human beings are only imperfectly equipped to understand that the laws of "nature's God" must have universal application if society is not to become a vicious tug of war between pressure groups. Our ancestors put up with slavery, partly because they were inconsistent and partly because they were already saddled with it. They let the Hamiltonian protective tariff grow upon them after the Civil War. And the spoils system was not inseparable from their politics. But, with their tolerant willingness to "agree to disagree," they left the door open to change for the better. The Cleveland Democrats were free to oppose the tariff, and the Mugwumps used their opportunity to improve the civil service. Meanwhile the vast majority of the people practiced free trade and common honesty and were as charitable as they could be without encouraging leeches or neglecting their own families.

Why the Departure?

Since I am convinced that the "central tradition" described by Professor Carson still lives in the hearts of a great majority of Americans, I must confess that much of our recent history is an apparent enigma. Why would a people that admires the self-reliant and self-made man go in so heavily for welfare state measures? Why would they vote so many subsidies to so many?

One possible answer is that our belief in a moral order and derivative natural rights has declined. Another possible answer is that we are all selfish. But neither of these answers is consonant with my own experience of people. I think a better answer is that most Americans are decent to the point of being soft-hearted about it. They believe in the sanctity of the principle of private property, but they support a "public accommodation" law because they don't want to seem mean to the Negro, who, after all, was brought here from Africa against his wishes. They have been slow to anger about the whole mishmash of "foreign aid" because they would really like to help

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

other nations avoid the snares of the communists. They let rich farmers make money out of the agricultural programs because they were deluded originally into thinking the New Deal had taken the needs of the poor farmer very much to heart. And they will allow themselves to be hog-tied to faulty antipoverty laws because nobody will want to become the butt of demagogues yelling, "He's against the poor."

Professor Carson thinks we could recover and build upon our old "central" tradition. I think so, too. But not until more people learn how to convince the waverers among us that the act of exercising intelligent perception is not equivalent to being hard-hearted. ◈

IDEAS ON LIBERTY

Never-Ever

POVERTY used to be a problem in Neverland. So, its rich young ruler outlawed poverty, and anyone caught earning less than the national average income was issued a warning and placed on probation for a week. If, by then, his earnings were still below the average, he was expeditiously deleted from the population. Now, this was a drastic measure, but amazingly effective. Within a very few months, no one in Neverland was earning less than the national average. You see, the only person left was the young ruler; and the bare living he managed to scratch from the now deserted land *was* the national average.

Not far distant from Neverland was another nation known as Evermore. Evermore, too, declared war on poverty; but being a democratic society, its approach was to place on probation anyone caught owning more than the national average. If, at the end of a week, one's property still exceeded the average, he was deleted from the population and his estate shared among those remaining. This, also, was an amazingly effective plan. Within a very short time no one owned more than the national average and no one owned less. A young widow, the sole remaining inhabitant, owned everything in Evermore, and managed to scratch a bare living from the now deserted land.

Eventually, the starving young ruler found the starving young widow and the country where they now dwell with their offspring in peace and prosperity is known as Never-Ever – based on a line from their new constitution: "Never ever shall the government pass a law to eliminate poverty from this land."

PAUL L. POIROT

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED

Back Issues of THE FREEMAN

From January 1956 through December 1963 — almost.*

A storage problem here, but highly useful to pass along to others as samples of libertarian thinking. Less expensive than reprints.

Single copies of different issues, 5 for $1.00
Multiple orders for any one issue:

10 copies for $1.00

25 copies for $2.00

100 copies for $5.00

If particular issues are desired, list preferences. For larger quantities, inquire about rates and availability.

*Sorry, but our supply of some issues is low, the following being entirely out of stock: Oct. 1956, Oct. 1958, Mar. 1959, Sept. and Oct. 1960, Jan. 1962.

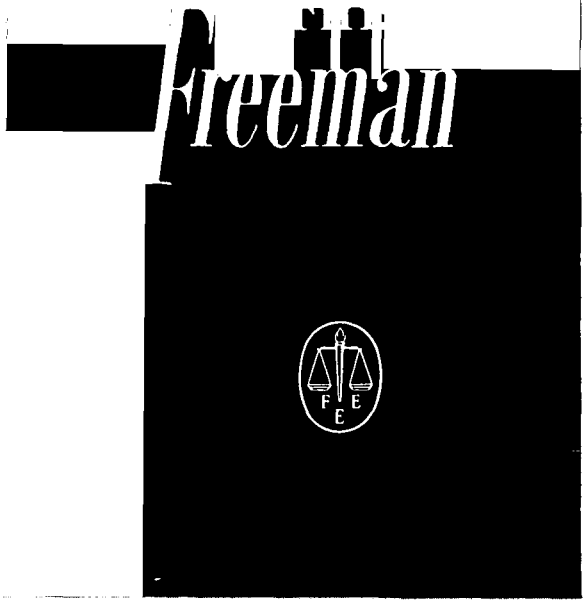
HANDSOME BLUE LEATHERLEX

FREEMAN BINDERS

Binder only, $2.25 each

Special, while they last:
Binder, with 1963 issues inserted, $5.00 each

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED



THE FREEMAN may be forwarded anywhere in the U. S. A. No wrapper required.

From:

CONSERVATION

Some individuals are concerned that we might exhaust our natural resources. A free pricing system is the best assurance against such exhaustion. As scarcities threaten, the price tends to rise. The speculator—the politicians' whipping boy—foresees shortages (and gluts) and thus helps to conserve supplies. Higher prices tend to cut off part of consumption. Simultaneously, growing scarcities tend to encourage the search for, and the discovery of, more resources; the discovery of substitutes is stimulated. The price system protects.

That recurring electric power shortages are found only under public ownership conditions is a striking fact. Road congestion is due to the fact of public ownership of highways and streets. It is inconceivable that a railway company would grossly under-invest in railroad line and terminal facilities relative to its investment in locomotives, freight and passenger cars. If we had a technique for privately building and financing highways and streets, congestion would disappear, or virtually disappear.

From "Demand, Supply and Prices" (1960)
Chamber of Commerce of the United States

To: _____

_____
street

_____
city zone state

PLACE 6-CENT POSTAGE HERE

LICENSED TO UNZ.ORG
ELECTRONIC REPRODUCTION PROHIBITED